

# Philanthropic Motivation in the 21st Century

by

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## Abstract

Research indicates that even though more than \$300 billion was contributed to American philanthropic organizations in 2011, relatively little is known about the primary motivation for philanthropy. Why do people give away so much money? And why do wealthy people give so much to certain organizations and not others? Philanthropy is a multi-billion dollar industry in the United States, yet one of the more intriguing questions for the industry remains quite simple. That question is what motivates wealthy donors to provide a non-profit organization with million dollar plus gifts? According to industry researchers at The Center on Philanthropy at the University of Indiana a major gift is generally defined as any gift of one million dollars or more. Investigators also suggest that finding the motivational answers might not be so easy. Research finds that wealthy people, those capable of making a major gift, think very differently than most common, every day, ordinary people. An example is research that found that most wealthy people believe they need another \$5 million more dollars to be considered truly wealthy. This philanthropic research is intended to increase the understanding of philanthropy, improve its practice, and enhance philanthropic participation by providing the first person insights of actual 21<sup>st</sup> century major gift donors. Designed as a qualitative investigation this research attempts to connect to the previous philanthropic examinations that has advanced theoretical developments in motivations for giving in economics, nonprofit management, nonprofit marketing, consumer behavior, and social psychology. This project utilizes personal in-depth interviews with actual 21<sup>st</sup> century major gift donors. The goal of this research project is an attempt to get inside the world of private major gift philanthropists. This research attempts to understand what life view exists in the minds of these donors prior to a fundraiser's research work in attempting to conceptualize it for their fundraising purposes. These

conversations provide a glimpse into the life experience as lived by high net worth individuals. This attempt to capture experience in process as lived by these individuals is through the process of phenomenological analysis. An example of this inquiry process is when assault victims experience fear for months or years after the assault, even when no apparent danger exists. What does this fear mean? Where does it come from? How is it experienced? The answers clearly bring us closer to the phenomenon that is lived. The method of learning about major gift donors by listening to their descriptions of what their subjective world is like for them, together with an attempt to understand this in their own terms as fully as possible, free of our preconceptions and interferences, was achieved from these donor interviews. This research generates actionable and efficacious knowledge to improve the practice of philanthropy. It contributes to the formation and growth to the field of philanthropic studies. This contribution is in the form of improved qualitative donor research methodology and applied practice of building donor relations. These philanthropic findings will add additional insights to answer the philanthropic industry's most important question. The theoretical insights will inspire new ways of thinking about the psychology of donor behavior for philanthropic practitioners as well as donors. The replicable and easy to-implement experimental methods from these donor interviews will provide practitioners with suggested approaches to their fundraising techniques that are applicable to daily fundraising practices with very low costs. Consultancy, training and education based on the theoretical and methodological knowledge of this research will help improve the practice of philanthropy and answer one of the core philanthropic questions of the 21<sup>st</sup> century. That question is what motivates a wealthy philanthropist to provide a major gift?

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## Chapter 1

### Introduction

Nonprofit organizations in the twenty-first century find themselves at a pivotal time in history. With a weakened and forever-changed national economy, changing demographics, fluctuating endowments, and reduced government support, the entire nonprofit industry is challenged like few other times in our country's history. This is the view of the Johns Hopkins Center for Civil Society Studies, a leading source of research and knowledge about the nonprofit sector, social investing, and the tools of government (JohnsHopkins, 2013). Even what was once considered sacrosanct, the IRS philanthropic tax benefit for wealthy donors, is now up for discussion as part of the federal budget debate (Chronicle of Philanthropy, 2013). All of this means that the philanthropic landscape in the 21<sup>st</sup> century is dramatically different than the previous century.

More specifically, higher education, an important subset of the nonprofit industry, is a good example of this challenge (Barone, 2010). Everyone agrees that almost all of the more than 3,500 colleges and universities in the United States must become more financially resourceful and entrepreneurial. Why? Traditional state and federal government funding resources are drying up, even as the cost to remain a technologically sophisticated educational organization is rapidly increasing (Altbach, Berdahl, Gumport, 2005). The research leads one to conclude that the reliance on fundraising to produce necessary resources for institutions of higher education is greater than ever and will only increase. Analysis by the Center on Philanthropy at Indiana University confirms that this scenario is true not only for higher education,

but also applicable for the majority of nonprofit organizations (Center on Philanthropy at Indiana University, 2011).

For charitable organizations this means committing financial resources, research and, of course, professional staff to constantly prospect for financial gifts to support seemingly endless capital campaigns (DiMento, 2011). Finding these philanthropic dollars is essential if the organization is to meet the financial challenges inherent in sustaining the many honorable missions carried out by our country's nonprofit organizations.

As a result of this need for increased philanthropic support the field of fundraising and development has grown exponentially. Caroline Preston, a respected philanthropy blogger, reports these findings from her research on the hiring of fundraising staff and investment into development offices made by educational institutions. Preston reports that almost all of the United States' 3,500 colleges and universities now have active fundraising or advancement efforts on their campuses. Ten years ago, it was less than half of that number (Preston, 2010).

One practical example of this investment and emphasis is the institutional advancement division at Drexel University a nationally ranked private comprehensive institution in Philadelphia, Pennsylvania. The Drexel advancement division has grown from 53 total development staff members in 2007 to more than 100 employees in 2012 (Frisko, 2012). The divisional growth is directly linked to the university's forward looking strategic plan and the president's commitment to long-term sustainability through increased emphasis on major gift fundraising. The University believes it will not fulfill its strategic plan without this kind of investment into the primary fundraising division within the University.



Why do nonprofit organizations and educational institutions like Drexel concentrate so much on major gifts as an integral within a comprehensive fundraising program? Why not government or foundations? Or even corporations? The answer is clear and provided in two parts.

First without a major philanthropic gift, or what is commonly referred to as a lead gift, organizations are not able to launch a meaningful capital campaign (Havens, O'Herlihy, Schervish, 2006). The lead gift dictates the eventual size of the capital campaign or, for that matter, whether there will be a campaign at all. Without a major philanthropist providing a substantial gift, the organization is left conducting more of an annual appeal utilizing commitments of smaller gifts. For many nonprofit organizations, this would be a very disappointing result and create significant challenges in sustaining their mission and services (Panus, 2011). Staff and trustees of the organization would find themselves with no place to go in order to financially sustain the nonprofit over the longer term. The resulting outlook for the life of the institution or nonprofit with a failed campaign is a terribly disappointing and emotionally wrenching experience for any charitable organization (Elderton, 2010).

Second the current drive for major gifts is a demographic anomaly. Our country has never before seen so many high-net-worth individuals capable of a major gift (Ip, 2007). Research demonstrates that this fact is true for over 200 plus years of our country's history (Pew, 2012). Nonprofits obviously know this and that is why they are creating major gift units within their overall advancement office to qualify, cultivate and solicit these major gift donors.

What Ip (2007) found is also revealed in the data on the income and wealth holdings of the top 5 percent of the population of the United States as reported by the

Internal Revenue Service (Pew, 2008). When evaluated in 2008 the top 5 percent own more than half of all wealth in the United States (Reich, 2008). In 1998 the top 5 percent owned 59 percent of all wealth. Or, to put it another way, the top 5 percent had more wealth than the remaining 95 percent of the population collectively (Reich, 2010). This is a highly concentrated distribution that produces more donors with the capability of providing a major gift than at any time in the country's history since 1929 (Frank, 2006). A Pew Charitable Trust study confirms these wealth distribution trends continue through 2012 (Pew, 2012).

As an outcome of this reality nonprofit organizations seek to financially sustain their mission through an investment in major gift fundraising systems. Primarily institutions are seeking to identify strategies that lead to increased major gifts (Preston, 2010).

The latest philanthropic research available suggests that some organizations are finding success (Giving USA, 2011). The finances of some nonprofits are growing stronger as they solicit and receive major gifts from the nation's wealthiest citizens many of who stepped up their multimillion dollar gifts in 2011. The biggest gifts announced by Americans totaled more than \$2.6 billion compared with \$1.3 billion in 2010 (Di Mento, 2011).

But the story line is not consistent. The 2011 mega-gift total was not as strong as the total in 2009 when major gifts added up to \$2.7 billion. It was smaller still than the 2008 total of \$8 billion (Giving USA, 2011). Research by the Center on Philanthropy suggests that the economy played a role in these outcomes but nothing conclusive was found. So we are left to evaluate the numbers as simply annual

results on a somewhat level playing field (Center on Philanthropy at Indiana University, 2011).

Perhaps the most conspicuous sign of increased emphasis on transformational gift solicitation and giving is in the number of donations of \$100 million or more in 2011. In that year ten people committed that much, an increase from 2010 when only six philanthropists gave \$100 million or more. It was also up from 2009 when seven donors announced gifts of that size (Giving USA, 2011).

Regardless of these mega numbers related to major gift outcomes there is research that suggests that keeping pace with the increasing competition for major gifts philanthropic professionals need to reconsider their donor research techniques (Panus, 2011). Specifically is a reconsideration of the nature of the qualitative research and relationship management that supports the donor relationship-management plan. The donor management plan informs the gift officer about emotional dimensions of a donor's motivation (Godfrey, 2012).

Similar to qualitative researchers in academia and the social sciences, major gift fundraising experts have always relied, implicitly or explicitly, on a variety of understandings and corresponding types of qualitative research validation (Hager, 2002). The nature of this validation is in accurately describing, interpreting, and explaining the potential interest of a prospective donor in supporting the nonprofit organization in question. Theresa Lloyd cautions that too many fundraisers rely on these informal data gathering systems, or gut instincts, about a donor's behavior and lack a higher level analysis about the donor's values, beliefs, and world views. She came to his conclusion based on her inquiry of how development staff cultivate and solicit wealthy donors (Lloyd, 2004).

What came from Lloyd's research was a recommendation to professional fundraisers to include rigorous, state-of-the-art qualitative research techniques as part of an overall strategic approach when qualifying donor interest (Lloyd, 2004). The research suggests that by determining the philosophical and practical dimensions of what motivates high-net-worth philanthropists, major gift officers will be able to conceptualize and develop a successful gift-solicitation plan, one that draws on solid qualitative research techniques (Panus, 2011).

By applying qualitative research techniques to improve traditional major gift solicitation fieldwork, commonly referred to as donor call reports, major gift officers can transform these reports into legitimate qualitative research studies that produce consistent and valid results (Mutz, 2010). Data from these reports can provide an important tool for judging a donor's relative likelihood of supporting the organization with a major gift. Darrell Godfrey, Executive Vice President with Advancement Resources out of Cedar Rapids, Iowa advises that professionally gathered qualitative information is vital to moving a donor along the donor commitment continuum and securing meaningful financial commitments (Godfrey, 2012).

### Problem Statement

Fundraising results suggest that development professionals may be missing important prospecting information as they approach major gift donors. This is due to the fact that most fundraising research and literature have focused primarily on quantitative giving-capacity analysis (Havens, O'Herlihy, Schervish, 2006). The quantitative research emphasis accelerated with the growth of the internet era and its plentiful access to hard financial information about potential donors (Hanberg, 2008).

What appears missing is philanthropic research into values, insights, viewpoints, and firsthand testimony provided from the viewpoint of actual major gift donors.

What would lead to this over-emphasis on quantitative analysis? The answer is easy. In a word, access. The internet makes it remarkably easy to search public courthouse records that were previously cumbersome to locate. Taking this information to a sophisticated level the market place is now full of vendors that have created a number of quantitative forecasting tools. These tools are readily available to the nonprofit industry (Guidestar, 2009). These profiles also provide philanthropic giving-capacity results for individuals, foundations, and companies (Mutz, 2010). All public record databases are scanned for the latest wealth information and then compiled into quantitative giving-capacity forecasts. Online search tools made this information available to almost the entire philanthropic community. Without question this has forever changed the philanthropic industry.

One practical example of this quantitative donor research, that just about any nonprofit organization can perform, is the purchase of a prospective donor's private residence. The value of the real estate and the amount of the mortgage are among the public records available to any interested party (Bray, 2009). Researchers also can access the most current data on valuable assets such as pension holdings and annual income levels, as well as philanthropic and biographical data (Guidestar, 2009).

These quantitative capacity sources, while powerful and extremely helpful tools for major gift officers, are, however, limited to the potential financial giving capacity. A purely quantitative analysis does not inform the prospecting organization about the high-net-worth philanthropist's personal convictions, giving intentions, passions, or pet issues (Schervish, 2006).

Research further suggests that these values are constantly changing and the philanthropic industry might not fully understand these changes. Psychologist and social scientist Dacher Keltner (2012) explains that the wealthy classes in the United States are different than most ordinary people. And this difference is not always in a good way. Keltner's research suggests that their life experiences make them less empathetic, less altruistic, and generally more selfish. The Keltner (2012) research concludes that the philosophical battle over economics, taxes, debt ceilings and government defaults that were major themes in the 2012 Presidential election, are partly rooted in an upper class ideology of self-interest. Keltner (2012) reveals that rich people are more likely to think about themselves. Wealthy people believe that economic success has more to do with individual behavior and a good work ethic.

Vesterlund (2006) found similar research results that also suggest an important research next step is to directly question wealthy donors about these views and how it impacts the charities they support. This study will focus on the first person point of view of donor behavior through in-depth conversations with actual major gift donors. This research has great potential for assisting major gift officers representing nonprofit organizations gain essential insights about the attitudes and beliefs of their major gift prospects.

The inspiration for this study comes out of the actual campaign-performance data indicating that major gift officers are relying too much on quantitative donor research and not enough on the qualitative attributes Keltner (2012) and others describe.

Why do nonprofit researchers believe this? The clear evidence that current systems are not working comes from the declining performance of those seeking to

secure major gifts and the decreasing number of successful capital campaigns (CASE, 2012). This is also supported by the marketplace analysis in the annual study of educational fundraising campaigns. CASE (2012) reports that the number of organizations involved in a major capital fundraising campaign is at an all-time high. Yet the number of successful campaigns decreased dramatically in the three-year period from 2008 to 2011 (Burton, 2012).

It has been clearly established by philanthropic research that there is a high correlation between a major lead gift and campaign success (Grace, 2010). This correlation holds true here where the decline in the number of successful capital campaigns is directly connected to the major gift activity of the marketplace. Giving USA (2011) notes that of the campaigns ongoing or ended in 2010 the top 10 percent of the donors contributed 93 percent of total money raised, up from 84 percent a decade ago.

It used to be that 80 percent of the total amount raised came from the top 20 percent of the total number of donors (Center on Philanthropy, 2010). A decade ago that increased to 84 percent of the total amount raised from the top 10 percent of donors (Mutz, 2010). This tracked with the U.S. trend of an increasing level of wealth in the hands of fewer and fewer people (Reich, 2010). So it stands that this trend with major gift activity would have a detrimental effect on overall fundraising results.

Eugene Tempel (2009) contends that the primary reason organizations are failing to achieve successful capital campaigns is their inability to secure major gifts. Without major gifts as the campaign foundation there is no campaign. Further researchers conclude that the failure in securing major gifts is attributable to a lack of

thorough and complete donor profiling (Rosen, 2010). As a result major gift officers are searching for new, improved, and rigorous qualitative interview techniques to provide insights into what motivates high-net-worth individuals (Burton, 2012).

Seth Godin, a bestselling author, entrepreneur, and speaker who is considered one of the nation's foremost experts on marketing in the digital age, agrees (Godin, 2007). Godin describes fundraising as storytelling and reminds nonprofit leaders that different people need to hear different stories based on their life experiences and personal values. Godin's research concludes that some people and foundations respond to cold, hard organizational efficiency numbers. An example of this would be the Gates Foundation which requires reporting on the number of people served by their gift not the level or quality of the service. Other organizations and donors want to see more emotional, visceral and individual results of their philanthropy. Godin describes this as "the happy kid with braces" (Godin, 2007, p145). Specifically this means that donors sometimes best respond to anecdotal stories of individuals successfully impacted by their philanthropy. It is the major gift officer's responsibility to know the appropriate approach to a major gift donor (Fredricks, 2006).

### Research Questions

To refresh current qualitative donor research, this research was designed to interview actual twenty-first century major gift donors. This research seeks to discover a donor's first person insights into why they behaved the way they did when they made the decision to give an organization a major philanthropic gift. These interview results and information that donors share are compared to the overall market insights produced in the Giving USA research project (Giving USA, 2011).



Giving USA performed survey research on million dollar donors and how they choose which organizations to support with a major gift.

The Giving USA (2011) research found that the following criteria are important to major gift donors:

- o Sound business and operational practices (86.9 percent)
- o Acknowledgement of contributions (including receipts) (84.9 percent)
- o Spend appropriate amount on overhead (80.1 percent)
- o Protection of personal information (80.1 percent)
- o Full financial disclosure (61.7 percent)

These research findings served as the starting point for direct questioning of wealthy donors and how they use this information in their thinking, deliberating, discernment, and eventual choice about the nonprofit organizations they support with their private philanthropic dollars. This research reveals actual donor's thought process at the time of their actual decision to give a major gift. The research findings reveal how important were the Giving USA (2011) identified factors for these donors in their philanthropic decision making process.

The interview protocol included questions from the Giving USA (2011) research study. These explorations were utilized as primary and secondary probe questions.

- 1) How do prospective donors judge the business and operational efficiency of a prospective educational or nonprofit organization?
- 2) How did the donor come to the actual decision to support a nonprofit organization with a major gift?

- 3) What were the donor expectations about the follow-up information after their gift decision was made?

#### Purpose of the Research

The purpose of this research is to understand the underlying rationale for a high-net-worth individual's charitable activity. The focus is exploring the exact moment, to the best they can recollect, when actual donors made their final decision to provide a major gift to a nonprofit organization. Information about what strategic vision, meaningful story, key operating metric, or some other specific appeal, which inspired a major gift will prove helpful in assisting other major gift officers. The assistance will arrive in the form of designing effective donor qualitative research techniques when gift officers are preparing to ask a major gift donor for a major gift.

By improving such qualitative research this project will support an important part of the American cultural system: the role of philanthropic backing.

This may sound trivial but private philanthropy has long played an important role in helping society change educational and other societal structures to adapt to changing times. A recent article on Michael R. Bloomberg, who left Johns Hopkins University with a smattering of A's and a lust for leadership, is a perfect example of the power of private philanthropy (NY Times, 2013).

His gratitude toward the university starting with a \$5 donation the year after he graduated has since taken on a supersize scale. Bloomberg made a \$350 million gift to his alma mater and his total giving to John Hopkins is the staggering sum of \$1.1 billion (Burton, 2012).

Bloomberg's giving has transformed every corner of the university and made Mr. Bloomberg the most generous living donor to any education institution in the

United States (JohnsHopkins, 2013). This kind of support has been going on for years and made it possible for students from all societal backgrounds to attend institutions of higher education (Burlingame, 1992).

A smaller example, but still powerful, is demonstrated by the recent experience at a private K-12 school in Pennsylvania, the Chatham Hall Academy. In October 2009 Chatham Hall received a gift of \$31 million from Elizabeth Beckwith Nilsen. Her gift was the largest a girls' school had ever received. It has become part of the school's endowment and will be used for technology in education purposes (www.chathamhall.edu, 2009). The Nilsen gift transformed Chatham and no doubt secured the school's future over the long term.

Almost all nonprofits are conducting fundraising campaigns similar to the one that produced the Bloomberg and Chatham Hall gifts but they are experiencing disappointing results (CASE, 2012). Fewer and fewer institutions are having successful experiences in securing major gifts. Without at least one major gift that equals roughly 25 to 40 percent of the campaign total target, it is very likely the capital campaign will fail (Mutz, 2010).

What may be missing for major gift professionals working in today's 21<sup>st</sup> century marketplace is the insight that can be provided by the firsthand testimony from donors who actually provided major gifts (Panus, 2011). By directly asking donors about their major gift decision making, donors can provide an expanded understanding of what motivated them to give.

#### Significance of This Research

Major donors have an emotional, visceral connection with the agencies and organizations that they support, one that cannot be accurately measured by today's

wealth and capacity assessment tools (Schervish, 2007). Schervish states that "what motivates the wealthy is very much what motivates someone at any point along the economic spectrum. Identify any motive that might inspire concern, from heartfelt empathy to self-promotion, from religious obligation to business networking, from passion to prestige, from political philosophy to tax incentives, and some millionaires will make it the cornerstone of their giving.' (Schervish 1997, p.67-71).

By directly asking twenty-first century major gift donors to share what they remember as the reasons that drove their commitment of a major gift, this study intends to offer fundraisers expanded and deep insight into the emotional motivations that are driving major gift philanthropists in the 21<sup>st</sup> century. This research will demonstrate that by applying modern qualitative research techniques major gift officers may improve the forecasting of the likelihood that a donor will behave in the desired fashion. Study results will inform major gift officers as to what qualitative variables should be paired with quantitative financial information to help the philanthropic community understand major donor motivation and behavior.

#### Benefits

By listening to donors describe their life experiences and what motivates their giving, nonprofits will learn what qualitative variables they may want to know more about from donors they are courting for major gifts (Andreoni, 2006). While only a small sampling of donors will be interviewed, the depth and intimacy of the conversations will add texture to the search for qualitative insights. Such access to major gift donors provides may provide a unique opportunity to discover new approaches to employ when prospecting for major gifts.

Nonprofits can learn a great deal by understanding the intimate details of the donors' relationships with the nonprofit organizations they support. These narratives will help fundraisers determine what level of qualitative research is necessary for a deeper understanding of their donors' motivation.

By reconsidering their qualitative evaluation systems fundraising professionals can better judge the kind of qualitative research required to provide organizations with enough information to assess the gift-giving chances for their pool of prospective donors. Exploring how 21st century top givers think will help crystallize qualitative research and solicitation strategies that may help professional fundraisers customize the approach to their major gift donors and how the relationships are managed.

#### Definition of Terms

*Campaign: A comprehensive initiative with a goal of raising millions of dollars in a pre-determined period of time.*

*Capital Campaign: A campaign to raise funds to finance major projects and/or programs such as property, technology equipment, construction and/or renovation of facilities.*

*Donor: A benefactor, alumnus/a, or friend who has made a gift to an organization.*

*Endowment: Money, from bequests or outright gifts, that is invested in perpetuity to produce amounts to be distributed for pre-determined purposes according to the endowment's distribution policy.*

*Gift: A voluntary, irrevocable, unconditional transfer of an asset.*

*Major Gift: A significant financial donation generally recognized as more than \$1 million in one gift, at one time.*

*Prospect: A friend of the institution with the potential to make a gift.*

### Limitations

Author Anselm Strauss cautions that the primary approach to qualitative research and data is toward development of theory without any particular commitment to the specific kinds of data or lines of research that can limit generalization of the research findings (Strauss, 1993).

While we will gain greater philanthropic motivational insights by hearing the stories of participating donors this research simply represents what is reality for these individuals (Erickson, 1989). However this information will provide a context for problem solving the qualitative major gift prospecting challenge that higher education fundraisers face today.

### Summary

Preston's (2010) research confirms that the nonprofit sector is now crowded with organizations active in philanthropic activity. This includes public schools and other organizations that traditionally never entered the private fundraising arena. In an era of reduced state funding, public institutions are joining their private counterparts in the quest to secure private financial support (CASE, 2012).

Even with additional investments into fundraising research philanthropic professionals still have a limited understanding of donor behavior. For example research at the Center on Philanthropy at Indiana University (2010) points to a direct link between changes in giving and changes in the overall economy. Charitable giving tends to grow in general as the economy rises, even when the economy grows

at a moderate or slow rate (Giving USA, 2010). But giving tends to decline during recessions, after adjusting for inflation.

The Giving USA (2011) research asks high-net-worth households about their charitable giving. The economic recovery was still uncertain in 2009 with a high unemployment rate and a slow increase toward the end of the year in gross domestic product. The National Bureau of Economic Research, which monitors the economic cycle, announced in September 2010 that the recession that began in December 2007 ended in June 2009 (Pew, 2011). But even in this era of a severely depressed economy donors indicated that the down economic conditions were not a major variable in their decision to support (Giving USA, 2011). This goes against the general belief that most philanthropic officers are reporting to their board leadership and administration (Guidestar, 2009).

No matter what economic conditions exist and with a very crowded field of nonprofit organizations seeking donations the successful organizations will no doubt be invested in state-of-the-art donor research focused on improving their fundraising methods. The pressure is growing on all nonprofit and educational fundraising professionals to be philanthropically effective in their jobs and help sustain the mission of their institutions.

## CHAPTER 2

## Review of Related Literature

During the 20<sup>th</sup> century the nonprofit sector in the United State became the third largest economic sector after government and for-profit firms around the world (Salamon, 2002). In 2011 over \$300 billion was raised by U.S. nonprofit organizations from individuals and households (Giving USA, 2011). A significant portion of these individual contributions (over \$92 billion) was from non-itemizing individuals, who contribute on average about \$850 a year (Giving USA, 2011).

Because of the sheer size of this industry there is literature in multiple disciplines with research on what motivates donors to give (List, 2011). These disciplines include economics (Kolm and Ethier, 2006; Steinberg, 2006), psychology (Batson, 1990; Carlson, Carlin and Miller, 1988; Clary, Snyder, Ridge, Copeland, Stukas, Haugen and Miene, 1998; Kohlberg, 1981; Penner, Dovidio, Piliavin and Schroeder, 2005; Piaget, 1932; Weber, Kopelman and Messick, 2004), sociology (Havens, O’Herlihy and Schervish, 2006), and nonprofit marketing and management (Bennett and Sargeant, 2005).

In the last 25 to 30 years philanthropic studies have evolved into a multi-disciplinary research field to study questions related to philanthropy. Social sciences (Anheier and Ben-Ner, 2003; DiMaggio, Weiss and Clotfelter, 2002; Powell and Steinberg, 2006) and humanities (Bremner, 1988; Burlingame, 2004; Friedman and McGarvie, 2003; Gunderman, 2007; Kass, 2002; Payton, 1988; Tocqueville, 1863) all contribute to this field.

Philanthropic studies scholars from Boston College, Notre Dame University, the University of Indiana and other leading philanthropic centers have since provided



their own insights into the understanding of motivations for giving (Bekkers and Wiepking, 2007; Sargeant and Woodliffe, 2007).

Motivations for donor giving have been considered using multiple research methods from the leading researchers that staff these centers on philanthropic studies. Their methods include personal reflections (Carnegie, 1889; Addams, 1910; Schervish, 2006; Schervish and Havens, 2002;), historical analysis (Curti, 1957, 1958, 1963), structured interviews and focus groups (Ostrower, 1995; Prince and File, 2001), laboratory experiments (Kagel and Roth, 1997), empirical data analysis (Kolm and Ythier, 2006; Gronbjerg and Paarlberg, 2002; Steinberg, 1987, 1990; Wilhelm, 2007), and field experiments (Cialdini, 2001; Harrison and List, 2004).

Granted some methods are more widely used in certain academic disciplines than the others. The philanthropic centers that serve 21<sup>st</sup> century research provide studies that primarily utilize quantitative methods including field and laboratory experiments and field surveys. These quantitative giving capacity sources, while important, are limited to the potential financial giving capacity. What a quantitative analysis does not inform the prospecting organization about are the personal convictions, giving intentions, passions, or pet issues of the high-net-worth philanthropist (Andreoni, 2006).

This study focuses on the application of modern, improved, and rigorous qualitative donor research techniques. Strong qualitative research techniques can expand on the financial information available and form the basis of a highly predictive method to judge the intentions of a potential major gift donor (Fredricks, 2006). The reason this study needs to be conducted is that capital campaign

performance and major gift performance indicators suggest that major gift officers are putting too much reliance on quantitative donor research (Rosen, 2010).

The lack of success in securing major gifts appears to be attributable to a lack of thorough and complete donor profiling (Tempel, 2009). Tempel proposes that working smart and from a quantitative lens is helpful in identifying donors but suggests that missing or incomplete critical qualitative data accounts for the reasons donors are not responding. As a result major gift officers are searching for new, improved, and rigorous qualitative interview techniques to provide insights into what motivates high-net-worth individuals (Preston, 2010).

Studies examining the thinking of wealthy Americans suggest that more research is required if fundraising professionals are to understand an affluent person's thought process (Keltner, 2012). Keltner is among a number of social scientist to research how high net worth individuals think. According to a study in 2012 researchers found that being reminded of money made people less likely to ask for help or provide help to others (Guyer, 2012). These findings were consistent with research that found people in elevated social positions were less likely to feel compassion or distress over another person's suffering (Frank, 2006). The Guyer (2012) study concludes that most wealthy people are not predisposed to help others in need. Additional research came to similar conclusions, namely that people of lower social classes tended to be more empathetic and more compassionate. The less income and education people had, the research concluded, the more likely they were to be attuned to the needs of others (Kraus, Piff, and Keltner, 2009).

Recent studies indicate that the ability to understand how the modern wealthy think has changed with the economy (Panus, 2011). A thorough understanding,

informed by qualitative analysis, of what motivates a donor's philanthropy is just as important as knowledge of the donor's giving capacity (Bekkers, Wiepking, 2007).

#### Description of the Literature Scan

This review of literature provides a scan of relevant fundraising research from roughly the last thirty-five years. This is a period of time from 1980 to 2012.

Explaining high-net-worth philanthropic research over the last twenty-five to thirty-five years requires a general understanding of three primary areas of donor prospecting and research as portrayed in the conceptual framework and literature map. These areas are quantitative research, qualitative analysis, and a nonprofit organization's case statement. The case statement explains the nonprofit's mission and why they are requesting philanthropic support.

Admittedly the most important step among the three research areas is quantitative research. These research techniques are required to identify prospective donors with the resources to make a major gift. While it is dangerous to be overly reliant on purely quantitative financial-capacity information it remains the bedrock for determining whether a qualitative inquiry is necessary or appropriate.

#### Quantitative Donor Research

The first step in any donor-profiling project is accurate quantitative research (Nichols, 1994). This giving-capacity research is required to determine the donor's true financial capacity. As recently as twenty-five years ago, in the 1970s and 1980s, most financial-capacity information was informally shared (Mixer, 1993). The informal channels were commonly community-based relationships and less reliant on actual financial data and information.

Most people would recognize these cultural connections as golfing relationships, country club or private membership organizations, and other exclusive community affiliations (Boris, 1987). The nineteenth hole is a term commonly used to depict how information about financial capacity was shared among the elite and with fundraisers that had access to the private sanctums of the local golf and country clubs.

The typical routine for a fundraiser begins when the development office identifies a potential major donor. At that point the fundraiser creates a new file. Once the file is started the fundraiser spends hours filling it with research on the donor's wealth, career track, philanthropic history and more (Hager, 2002). Staff members then spend months wooing the donor who may even receive a visit from a high level trustee or officer of the organization (Bray, 2009).

But even after such quantitative diligence officials may miss indicators of what the donor is actually like from an emotional, values, or philosophical perspective.

An example of this lack of comprehensive research is when a donor is guilty of wrongdoing. Consider the case of a prestigious Ivy League university. Amid allegations that John Mazzuto's gift to Yale University of \$1.7 million in stock might have come from illegitimate sources those who lost money when Mazzuto's corporation declared bankruptcy have questioned whether Yale should have researched Mazzuto's finances more thoroughly before accepting his gift (Yee, 2010).

Yale, like most nonprofit institutions, conducts what it calls prospect research into potential benefactors. This prospect research focuses almost exclusively on financial capacity or quantifiable metrics (Rosen, 2010). In terms of qualitative

research, schools such as Yale do not formally vet prospective donors with equally rigorous qualitative research techniques. Instead they choose to focus on an individual's quantifiable capacity to give (Mutz, 2010). Yale's policy is not unusual. Development experts indicate that nonprofits simply do not delve deeply into prospective donors' financial history, only their capacity to give (Prince and File, 1994).

The fact that it was Yale University mitigates the damage to their University brand. A lesser known nonprofit would sustain such damage to their image and market position that it is possible they could not recover. This is why this kind of research is even more important to organizations with less established brand situations.

The advent of the internet age nonprofits doubled down on this behavior (Gerstel, 2006). In fact with so much more information on real estate holdings, stock transactions, and other financial dealings now available, the issue of ignoring the source of a donor's wealth became more problematic (Rosen, 2010). One example from recent history is Bernie Madoff. His investment results were always rumored to be too good to be true and it turned out they were. This should have been reason for pause on behalf of the philanthropic organizations Madoff supported, calling into question all of his philanthropic gifts. But it was not and many nonprofit organizations were embarrassed when his scandal broke in the news.

So the internet took information once considered the exclusive domain of the elite and made it available from Guidestar and other vendors at very low cost thus making it accessible to virtually all nonprofit organizations (Grace, 2010). Just about

any nonprofit can access detailed and accurate financial information on just about any donor in their database (Hanburg, 2008).

The fundraising market place is full of cost-effective systems that independently identify members of the community that might have the financial capacity to support the work of the nonprofit. Although a donor had not given previously an analysis of the other organizations they are known to support suggests that they may have an interest in one or more of a nonprofit's programs. Prospect research can be conducted in the local/national press, online or on specialized databases. A number of the most useful are briefly described in alphabetical order.

Dun & Bradstreet offers a wide range of data services. It is possible to use their services to identify top executives, their salaries, career histories and overall worth. Intelius.com is a subscription service allows a gift officer to profile a specific individual in detail. It provides home value & property ownership, address history, phone numbers, relatives & associates, neighbors, marriage/divorce records and more. KnowX is the web version of Information America, one of the world's largest services addressing the relationships between corporations and people and their assets. The company's information products and services are used to obtain background data about businesses, locate assets and people, and retrieve government records.

Larkspur is a well-known service provider to nonprofits with indicators that can suggest the presence of wealth in a household and help uncover information on individuals who may be hiding public wealth and assets. One example is the presence of luxury items such as luxury automobiles, yachts, and private planes. Larkspur has compiled this type of information from more than 70 different data

sources to isolate 8 million high net-worth individuals nationwide and offer the most robust affluence data available to nonprofits today. Salary.com allows the researchers to find average incomes by job title and geographic location. Base pay and bonus information is provided.

There are also a number of major consulting firms with prospect research and screening tools. These are typically solutions based on data received from a number of different sources of financial data such as Thomson & Reuters; Dun and Bradstreet, and others. Common names most nonprofits will recognize are Bentz Whaley and Flessner; Blackbaud; Campbell & Company; Grenzebach, Glier & Associates; Marts & Lundy; Prospect Information Network; and WealthEngine.com.

One would believe that with so much financial data and sophisticated fundraising counsel available to prospect researchers, the obvious emphasis would be to study and better understand this information relative to important qualitative information (Grabau, 2010). Yet standard summary reports on donor interaction with professional fundraisers continue to be incomplete, imprecise, and lacking in information on the key qualitative drivers of a particular donor's motivation (Godfrey, 2012).

Surprisingly the flood of financial data into the philanthropic marketplace resulted in an expansion of the quantitative strategic emphasis on improving the performance on marginally profitable segments (Bray, 2009). Optimizing campaigns by purely quantitative means can be done several different ways. One common example is to apply single-variant analysis to any identified cohort segmented by financial-giving capacity. This can provide a degree of discrimination that can easily detect donor groupings that are profitable (Grabau, 2010).

How does this work? An example is a fundraising office that has a segment grouped with 10,000 donors who have given a gift in the past six months with a largest single contribution between \$25 dollars and \$49.99 and an annual frequency of one gift. Further assume that this segment has a three-month return on investment of .91 cents. In other words for each \$1 expended on this segment the return is only \$.91 cents. Fundraising professionals will then parse this donor segment into age bands and find, for example, that individuals sixty years of age and older are profitable, while those under sixty are unprofitable (Grace, 2010).

Age is just one controlled variable that can be used in cases like this. Other attributes include household income, wealth, lifestyles, philanthropic giving to other nonprofits, and giving to other channels can also be used in this quantitative analysis method (CASE, 2012).

Although this example focuses on donors with a much smaller giving capacity these types of quantitative systems are employed to support campaign management. Using marketplace and publicly released data means that most nonprofits are automatically gaining access to these demographic, philanthropic, and multichannel variables (Guidestar, 2009).

The emphasis point in this research is that while more and more fundraising campaigns are failing to reach their fundraising goals than ever before, professional fundraising is not changing the prospecting and cultivation approach when researching qualitative philanthropic motivation (List, 2011). Successful philanthropic organizations are effectively cultivating valuable relationships with their major gift constituents because they are investing time and effort in strong qualitative analysis of their prospective donors (Schervish, 2005). This research



intends to assist these quantitative efforts and thereby make these techniques even more effective and efficient.

### Qualitative Donor Research

Even though more than \$300 billion was contributed to American philanthropic organizations in 2009 relatively little is known about the motivational drivers of philanthropy or why people give. Although in its infancy the motivation of philanthropy is critically important and growing stronger every day (List, 2011).

List (2011) is a professor of economics at the University of Chicago. His tone of urgency is driven by the fact that any industry that represents more than 2.5 percent of the gross domestic product in cash donations, and countless more in volunteerism, begs to be studied.

List (2011) argues that “because of this dearth of knowledge, many fundraising drives are undoubtedly doomed to failure, even though there are people who value the good provided by the charity” (List, 2011, p.20). This is because when designing their efforts to solicit donations most charities rely on rules of thumb or gut feelings.

List believes that rigorous research and scientific studies based on data from real-world experiments can help donors get more bang for their buck as well as show charitable organizations how to raise more money. This approach has taken on even greater urgency as federal and local governments continue to turn to private sources for important functions.

Modern philanthropic research is still attempting to answer questions from more than three decades ago. In the 1980s Robert Bremmer (1988) was one of the leading researchers into the fascination about the wealthy and why they behave

philanthropically the way they do. However conclusive findings that can be applied to major gift prospecting systems have been elusive (Lindahl, Winship, 1992). This is true for donors in the 21st century (Godfrey, 2012).

In addition to being outdated some of the early findings into donor motivation also created some confusing results. For example, Leslie and Ramsey (1989) found that non-alumni donors are motivated more by academic excellence and are more likely to donate to universities they did not attend if they believe these institutions offer excellent programs (Leslie and Ramsey, 1989). This was not a finding most professionals expected.

In attempting to explain donor behavior and the giving patterns identified during the late 20<sup>th</sup> century researchers found a lack of material in which wealthy donors speak for themselves about the meaning of their philanthropic activities (Burlingame, 1992). Burlingame's (1992) research suggests that donors give with very different expectations than what gift officers believe or understand about their motivation.

The emphasis on qualitative prospect research, considering more about personal and visceral donor attributes, was started in large part by Chicago's Jerold Panus (1984) who examines the impulses and motivations that drive donors to make large gifts. By interviewing the men and women who made major gifts Panus learned that a key motivating factor is a strong belief in the mission of an institution followed by a keen interest in a project or program within an organization (Panus, 1984).

In 1985 Waldmar Nielsen explored the evolution of philanthropy from a political, economic, and psychological perspective (Nielsen, 1985). Nielsen used

wealth information to profile the apparent motives, patterns, and decision processes of the major philanthropists in the United States.

Panus (1984) and Nielsen (1985) had their work expanded in 1987 in a more comprehensive assessment by Elizabeth Boris. Boris (1987) examined a larger group of philanthropists and traced the roots of their motives and attitudes in American culture and political thought.

Boris (1987) based her research on wealthy individuals and asked about their reasons for forming private foundations and their motives for giving to charitable causes. She found that philanthropic motives are varied and complex, reflecting the range of cultural and philosophical beliefs of this country.

In 1991 a doctoral student at the University of Maryland, Carol Schwartz-Silberg, explored the visceral, emotional factors that motivate individuals to donate large gifts to charitable organizations and how recipient organizations are chosen (Schwartz-Silberg, 1991). Schwartz-Silberg developed several theoretical models to analyze donor behavior. The donor profiles Schwartz-Silberg (1991) developed from this analysis showed that givers often have a tradition of family involvement in giving. Her donors saw giving as a way of life. Her research revealed that they seek to solve social problems and are involved in an organization and its decision making; and they want to associate with leaders.

Deaux, Reid, and Ethier (1995) were early leaders in connecting both quantitative and qualitative benefactor research, suggesting that, along with financial-capacity information, fundraising professionals need to know the interests, concerns, hobbies and eccentricities; education; family history, spouses and children; experience in the nonprofit world; residences; civic, social and fraternal positions;

and religion of potential major benefactors. This information serves as a basis for evaluating donor capacity and inclination to make a major gift.

In the 1990s, the number of millionaires in the United States started to increase substantially (Ip, 2007). Gerstel (2006) converted existing research into a practitioners' guide. This guide provides techniques and resource information to enable fundraisers to establish development strategies, including how to learn more about donors, evaluate fundraising programs, when to ask for money, and how to identify other potential major gift donors.

As the 21<sup>st</sup> century began the philanthropic industry started to witness a growing understanding of and appreciation for the rigor of qualitative research techniques (Bekkers, Wiepking, 2011). Philanthropic leaders started to take note of what professional social scientists were offering as state of the art social research. Babbie (2004) wrote that increasing this kind of research discipline is necessary if social scientists were to respect the methodology and findings of qualitative research projects (Babbie, 2004).

In studies conducted at the University of Indiana and Boston College, researchers such as Schervish and O'Herlihy (2006) concluded that the 21<sup>st</sup> century version of the high-net-worth individual has the advantage of satisfying all their comfort needs in life, and that such individuals no longer have to expend energy on accumulating wealth. Rather than focusing on asset accumulation the truly wealthy can explore ways their resources can have a meaningful impact on the world.

What became clear in the Schervish (2006) research is that applied, credible qualitative research techniques revealed that indices of wealth capacity alone do not suffice in inspiring major gifts. Both an inclination to do good in the world and a

specific interest in the organization are required for the realization of a major gift (Schervish, 2005). The philanthropic industry took notice of these findings because they were built on the classic application of proven and sound qualitative research techniques.

The industry was now aware that development officers and volunteers must not only be cognizant of signs of wealth but should place more emphasis on individuals with a charitable nature and employ a more scientific way of understanding their donor's motivation and life experiences (Lloyd, 2004).

Schervish (2006) continued his research on the best practices in relationship management primarily based on earlier qualitative research. He developed a formalized structured system for major gift prospecting that was less quantitative and that sought to understand the areas similar to what Schwartz-Silberg described in her earlier study (Schervish, 2006).

This study is the twin to a quantitative study of high net worth philanthropy sponsored by Bank of America Merrill Lynch (Giving USA, 2006). The high net worth study offered new insights into the philanthropy of wealthy donors. Conducted by the Center on Philanthropy at Indiana University the research followed an initial study published in 2006. That 2006 study, which became one of the leading resources for understanding the philanthropic behaviors of wealthy donors, was the largest surveys of wealthy Americans ever conducted on this topic at the time.

The follow-up 2010 Giving USA (2010) study is the result of a random mailing to 20,000 households in high-net-worth neighborhoods across the country (Giving USA, 2010). This study reflects the attitudes and behaviors of more than 800 respondents with household incomes greater than \$200,000 and/or net worth of at

least \$1,000,000. The average wealth of respondents was \$10.7 million. Half of those who responded had a net worth between \$3 million and \$20 million.

The 2010 study uses much of the same methodology as the 2006 and 2008 studies to identify key trends and to provide deeper insights into the motivations and attitudes of wealthy donors.

The findings in the Bank of America study are remarkably similar to Steinberg's findings in 1990 (Steinberg, 1990). According to the Bank of America (2010) research the top three motivational themes that inspire donors to give are:

1. The gift can make a difference (72.4 percent).
2. The donor feels financially secure (71.2 percent).
3. The donor wants to give to efficiently managed organizations (71 percent).

While such studies are insightful they do not give a first-person insight into the donors thinking and actual philanthropic decision making process (Prince and File, 1994). A veteran Philadelphia fundraiser reports that too many nonprofit organizations fall into the trap of analyzing these one dimensional findings and do not fully understanding the level of complexity that lays beneath the surface of these motivational theme headlines. As a result they approach the wrong people, for all the wrong reasons, at exactly the wrong time and, not surprisingly, come up empty handed (Elderton, 2009).

Hearing the first person description of what these motivational theme headlines actually mean in the minds of actual donors will help fundraisers better understand how high-net-worth individuals think about philanthropy in the twenty-first century (Lloyd, 2004).

### The Case Statement

A well-conceived case statement is essential to the success of any fundraising campaign or major gift effort (Nichols, 1994). This is especially true in broad-based efforts directed to the general public. As components of a comprehensive fundraising plan, the case for support, campaign brochure, and publicity plan need to create an awareness of the organization's value to the community and of the financial need necessitating the campaign (Boris, 1987). This broad-based public awareness will assist in creating a climate conducive to giving.

All too often the process designed to convince prospective donors to contribute to a nonprofit organization is described as marketing (Godin, 2007). According to the Webster (2013) definition, marketing is all business activity involved in the moving of goods from the producer to the consumer. While this definition might be stretched to relate to the delivery of food, therapy, medicine, education, and cultural events by nonprofits to their constituencies, it is apparent that soliciting a charitable gift involves a very different kind of transaction (Andreoni, 1990).

While there are some close parallels in for-profit selling and nonprofit soliciting, there also are significant differences (Harbaugh, 1998).

The challenge is to utilize the communications and public relations programs of an organization to create or enhance a favorable climate for giving to the organization (Mixer, 1993). The focus and scope of this effort will vary considerably from campaign to campaign and from organization to organization.

That's because, in addition to the nature and personality of the organization itself, other broad variables shape the campaign, such as its purpose, timeline, and

dollar goal. These will dictate a custom-designed approach to creating public awareness (Bray, 2009). In every case, however, an organization will have its own constituencies whose characteristics and needs must be individually considered (2009).

For the broader the donor base of prospects targeted for a fundraising campaign, the greater the need for a clear communications plan. Annual campaigns have the greatest potential for broad support; therefore, it is essential that each constituency be kept well-informed at all times about fundraising efforts that are under way (Prince and File, 1994).

Because a capital campaign's success will rely on fewer support constituencies and donors capital and endowment campaigns require less of a concerted publicity effort (Gerstal, 2006). Publicity, under the most ideal circumstances, is likely to generate only a tangential awareness of a campaign. Communication to prospective donors needs to come directly and personally from campaign leaders and solicitors. This kind of direct communication is the only way the intricacies of the case for support can be explained satisfactorily to potential major donors.

The case for support presents the rationale for supporting a fundraising campaign or project (Bekkers and Wiepking, 2011). Properly executed it is a powerful and compelling tool for communicating fundraising objectives and for persuading prospective donors to make a commitment. It also is the principal tool for recruiting volunteer campaign leaders and solicitors (Bremmer, 1994). Think of the case for support as more than a document. Its message should be uppermost in the minds and hearts of volunteer campaign leaders and solicitors, so that they are



prepared to confidently articulate its salient points to prospective donors on a face-to-face, personal basis (Preston, 2010).

The case grows out of an organization's mission, in the sense that money raised will be used to support the mission (Sargeant, 2001). Therefore it should articulate the organization's reason for being, its history, the integrity of its mission, vision, and programs, the good it does, the good it aspires to do, an assessment of need for the campaign, and the specifics of the campaign's objectives. The case should state the organization's unique ability to fill the demonstrated need of an identified constituency, affirm the efficiency of campaign planning, instill a feeling of intrinsic personal reward to the donor, and, very importantly, convey a sense of urgency.

The length of the case should relate to the magnitude of the campaign or project (Hanberg, 2008). Clearly, organizations must present sufficient information about the organization as a whole and the project in particular to give the prospective donor a basis for decision making. Too little campaign material is insulting. Too much information from the nonprofit and you risk losing the reader's attention (Grace, 2010).

A good case statement rarely makes a capital campaign successful, but a weak case statement can almost certainly prevent a capital campaign from achieving success.

### Chapter 3

#### Methodology

The approach for this research into donor motivation utilized phenomenological qualitative donor analysis.

Why phenomenology? Phenomenology is the study of structures of consciousness as experienced from the first-person point of view. The central structure of an experience is its intentionality, its being directed toward something, as it is an experience of or about some object. An experience is directed toward an object by virtue of its content or meaning (which represents the object) together with appropriate enabling conditions (Husserl, 1989). Phenomenology as a discipline is distinct from but related to other key disciplines in philosophy, such as ontology, epistemology, logic, and ethics. Phenomenology has been practiced in various guises for centuries, but it came into its own in the early 20th century in the works of Husserl, Heidegger, Sartre, Merleau-Ponty and others. Phenomenological issues of intentionality, consciousness, qualia, and first-person perspective have been prominent in recent philosophy of mind (Moran, 2005). The discipline of phenomenology may be defined as the study of structures of experience or consciousness. Literally phenomenology is the study of phenomena or the impact of events as they appear in our experience. The study of how personally observe our life decisions and the meanings that these decisions have in our experience (Searle, 1983).

Phenomenology studies conscious understanding as experienced from the subjective or first person point of view. In recent philosophy of mind the term phenomenology is often restricted to the characterization of sensory qualities of seeing and hearing (Creswell, 2008). It considers what it is like to have sensations of

various kinds (Smith and Thomasson, 2005). However the philanthropic experience is normally much richer in content than mere sensation. Accordingly, in the phenomenological tradition, phenomenology is given a much wider range, addressing the meaning things have in our experience, notably, the significance of relationships, events, the flow of time, the self, and others, as these issues arise and are experienced in the life-world of high net worth individuals.

So the choice of phenomenology to study the structure of the philanthropic experience ranging from perception, thought, memory, imagination, emotion, desire, and volition to embodied action, and social philanthropic activity was obvious and appropriate (Chalmers, 2002). The structure of these forms of major gift experiences typically involves what Husserl called intentionality. The structure of the directedness of the giving experience toward things in the world the property of consciousness that it is a consciousness of or about something is what donors were asked to consider.

According to classical Husserlian phenomenology the donor experience is directed toward or intends things only through particular concepts, thoughts, ideas, and images (Creswell, 2008). These make up the meaning or content of a given experience. This is why the first person insights of actual donors is important to the overall research into the major gift giving experience.

This qualitative research adds to the body of knowledge by offering firsthand insight into the kinds of visceral, emotional, personal, and life-experience variables that were important to actual donors at the exact point in time of their decision to provide a major gift. Interviews with some of the country's most affluent and philanthropic citizens provides an important dimension to the qualitative variables

that, along with quantitative financial information, supplies the philanthropic community a better understanding of major donor motivation and behavior.

Allowing actual donors to describe their life experiences and what motivated their giving, nonprofits will improve the qualitative research techniques they employ to fully understand what motivates the donors they are courting for a major gift.

To produce the research desired outcomes the sampling size required a number of participants that provided consistency of themes to the point that the themes were exhausted and well-developed (Gorden, 1969). Ten donors were interviewed and the depth and intimacy of the conversations provides enough data so that all of the conceptual boundaries Strauss outlines are marked (Strauss, 1993).

#### Data Saturation

Qualitative research can produce vast amounts of data. These may include verbatim notes or transcribed recordings of interviews or focus groups, jotted notes and more detailed field notes of observational research, a diary or chronological account, and the researcher's reflective notes made during the research. These data are not necessarily small scale. For this research transcribing a typical single interview takes several hours and can generate 20 or more pages of single spaced text.

Transcripts and notes are the raw data of the research. They provide a detailed record of the research, but they cannot provide explanations. The researcher has to make sense of the data by sifting and interpreting them.

For this research approach the guidelines for determining nonprobabilistic sample sizes are virtually nonexistent. Purposive samples are the most commonly used form of nonprobabilistic sampling, and their size typically relies on the concept

of saturation, or the point at which no new information or themes are observed in the data (Guba, 1985).

Although the idea of saturation is helpful at the conceptual level it provides little practical guidance for estimating sample sizes, prior to data collection, necessary for conducting quality research. Using data from a study involving 10 in-depth interviews with actual 21<sup>st</sup> century donors, the author systematically documents the degree of data saturation and variability over the course of thematic analysis. Like previous qualitative research the researcher operationalizes saturation and makes evidence-based recommendations regarding nonprobabilistic sample sizes for interviews (Bunce and Johnson, 2006).

Based on the data set for this research the researcher found that saturation occurred within the first ten interviews, although basic elements for metathemes were present as early as six interviews. Variability within the data followed similar patterns.

The researcher arrived at a decision that the current data set is saturated and additional data will not alter the findings from the sample size. In this research the sample size was at 10 complete donor interviews when this decision was reached.

#### Donor Access

The access to major gift donors, among the wealthiest Americans in this century, was a unique opportunity not available to most philanthropic researchers. The connection with these donors was a result of the investigator's professional relationships with the initial four prospective participants. These professional relationships stem from the investigator's previous philanthropic work in the higher education and the private foundation sector. The initial four participants served as

trustees of the organizations that the investigator was employed as a senior level administrator.

Just as Maxell's (2007) research approach suggests, that researchers with direct, personal experience with the industry and areas of their research are provided many similar opportunities. It was a similar situation for this research. These opportunities included gaining referrals and access to the additional six participants. Without the lead researcher's extensive professional history and strong relationships with some of the country's wealthiest philanthropists to begin building the participant pool this research into the individual donor's behavior would not have occurred.

Once the initial round of four interviews was complete the remaining participants referred by the initial four participants were identified and selected using the sampling strategy known as judgment sample. Also known as purposeful sample, this is the most common sampling technique (Creswell, 2008). Strauss and Corbin describe this as "the researcher actively select[ing] the most productive sample to answer the research question" (Strauss & Corbin, 1990, p.235).

### Research Bias

A researcher's personal beliefs and values are sometimes reflected not only in the choice of methodology, but also in the interpretation of findings (Creswell, 2008). The issue of bias in qualitative research is an important one, and demands special attention and critical thinking and reflection on the researcher's perspective in this project that could be mistaken for researcher bias. Epoche is the process the researcher engages in to remove, or at least become aware of prejudices, viewpoints, or assumptions regarding the phenomenon under investigation and requires the setting

aside of the researcher's personal viewpoint in order to see the experience for itself (Lincoln and Guba, 1985).

The issue of bias in qualitative research is an important one, and demands special attention and discussion. This research, conducted in the tradition of practitioner-researcher, presents an opportunity to provide an analysis about the role of fundraiser bias and subjectivity in designing and conducting qualitative research into donor motivation. Both in a research environment and actual donor interaction events.

While researcher bias and subjectivity are commonly understood as inevitable by most qualitative researchers the researcher for this project is a veteran fundraiser that is comfortable with the idea of researching philanthropic behavior and presenting data that is value-neutral.

When the researcher writes down the donor's understanding of an issue that a donor participant is sharing, developing the knowledge gained from the shared experience, putting that idea in comprehensible sentences, is made possible by the knowledge gained from previous donor interactions. The difference in this research is that these donors were assured that this research was a legitimate inquiry of previous donor activity and will never be applied to future philanthropic outreach activities.

The unique framework in this research is that the donor participants all had a previous professional relationship with the primary investigator as a trustee of the organization in which the researcher represented. Both in volunteer positions and, in several cases, as a paid fundraising professional on the staff of the organization the donors were serving. When approached about participating in this research it was

described to them as a way to convey an increased understanding of qualitative donor research, as a process of self-discovery for professional fundraisers. Based on this representation these donors agreed to participate.

Berthoff (1987) described an active researcher as one who did not need findings from researchers sitting in their university offices but who works through dialogue to generate theories grounded in practice. Experienced researchers and experts in the field of qualitative research see self-discovery as essential to learning about qualitative research regards awareness of one's biases, blind spots, and cognitive limitations as high a priority as theoretical knowledge.

Initial outreach to the selected pool of prospective donors provided a clear indication that these donors wished to participate in research, motivated by the belief that their participation will help the philanthropic industry discover qualitative insights and approaches that will enhance professional gift officer's work.

The researcher desires that this research be credible and useful to the industry. Thus the epochial process was applied and adhered with throughout the research into philanthropic motivation. This epoch approach directed how the researcher activated both the intuitive connection of the researcher's own life experiences to the data provided by the sample and how the research field notes were authenticated to demonstrate the uniqueness of the applied phenomenology as a social research method in determining philanthropic motivation (Maxwell, 2007).

#### Site and Population

The target population for this phenomenological study of private philanthropic motivation was private individuals who rank in the top 2 percent of the United States population in personal wealth (PEW, 2010). The defining characteristics for these



major gift donors was that they have committed a substantial, meaningful major gift of at least 1 million dollars or more to one organization, at one time, with one gift. This is a very small percent of all total philanthropic activity in this country (Guidestar, 2009).

The demographic characteristics of these high-net-worth donors ranged from landowners with inherited wealth to self-made businesspersons (current and retired) and listed company chairpersons. In general the participants ranged in age from forty years to ninety years, with the majority being males in their sixth or seventh decade of life.

Participants in this study made tax-efficient donations of \$1 million or more in the 21<sup>st</sup> century (Guidestar, 2011).

#### Site Description

There were several considerations when deciding to adopt a qualitative research methodology, specifically a method that employs phenomenology research. Strauss and Corbin (1990) claim that site is very important when attempting to gather information in this manner. Site selection done well leads to a better understanding of any phenomenon about which little is known or understood.

As a result the qualitative methodology selected for gathering stories in the firsthand voice of philanthropists was designed to create situations where the subject was most relaxed and familiar. The location for these interviews was the philanthropist's office or place of business. On some occasions, it was their home or private foundation office. The actual site differed for each of the participants.

It is best to physically observe a response in a face-to-face interview and that was practice was applied here. Face-to-face interviews were preferable to phone,

email, video, or other forms of one-on-one communication that don't offer researchers the opportunity to observe body language or other forms of nonverbal communication. Because of this on-site preference, the researcher traveled to the participants' desired locations.

An outreach effort, relying on personal contact, was preceded with a formal recruitment of wealth managers. An opt-out letter and email note was sent to participants in the sample, explaining the purpose of the research and giving them the opportunity to opt out. Those who did not opt out of the research at this stage were contacted by telephone and recruited to participate in one-on-one interviews.

Granting access for face-to-face interviews is how philanthropists generally deal with organizations that they support through gifts, volunteering, board meetings, and similar events. To probe their motivational insights, this study emulated this same personal access.

The researcher concluded that interviews by phone or other means would inhibit the full description that Lincoln and Guba (1985) describe when stating the importance of observing body language while conducting and summarizing one-on-one interviews.

#### IRB Issues

A qualitative approach was chosen for this study because this research method provides a depth of understanding that cannot be achieved through structured questionnaires. In addition, to determine the feasibility of future quantitative study, it was necessary to probe for insight into participants' attitudes and behaviors.

The donors were offered full confidentiality to ensure a free-flowing interview. All of these philanthropic major gifts at this level are public record and

well-known. But donors sometimes hesitate to share personal stories and information about events that motivated their philanthropy. The personal nature and depth of these interviews allowed a level of rapport and trust to exist between the interviewer and interviewee. The confidentiality promised allowed a discussion of potentially sensitive issues because the interviewees were aware of their rights as participants in this research.

To have the opportunity to explore personal issues in this way, seeking to identify not only *what* donors know and thought about charitable giving, but also *why* they gave and *how* they formed their views, it is important that participating donors believe that this knowledge would be used solely to advance philanthropic research and that it will be kept confidential.

These interviews were structured according to IRB regulations. It is understood that any other use is inappropriate, unprofessional, and does not contribute to the social science research necessary to support the nonprofit sector.

### Research Design and Rationale

This qualitative phenomenological study explored what motivated a high-net-worth philanthropist to provide a major financial gift to a nonprofit educational institution. Phenomenology emphasizes the study of conscious experience.

Utilizing qualitative data, in the form of words rather than the commonly applied quantitative wealth assessment provides a source of well-grounded and rich descriptions of donors' conscious experiences to explain their philanthropic behavior.

One can use qualitative data to preserve the chronological flow of the gift relationship, assess causality, and derive prolific explanations that illuminate the personal emotional and visceral aspects of a major gift benefactor's philanthropic

behavior (Margolis, 1989). The fundraising marketplace clearly has adequate quantitative information on donor behavior but an inadequate level of qualitative research on how philanthropists reach a decision to provide a major gift (Grabau, 2010).

Using a phenomenological approach to explore the various complexities of the donor's motivation and inspiration for a specific financial gift will help organizations better understand the relationship-management process when dealing with prospective major gift benefactors. The study intensely explored the social phenomena that exist in the minds of donors, revealing those perceptions that are crucial in understanding the nature and form of donor behavior.

This study translated the donor insights into meaningful information that fundraisers should consider when evaluating relationship-approach contingencies in building and sustaining a donor relationship that leads to a major gift.

### Research Methods

A phenomenological qualitative method was employed to collect data to achieve a better understanding of what motivates high-net-worth philanthropists. Utilizing one-on-one interviews the researcher gathered data to produce meaningful outcomes that reveal the thinking and motivation of a major gift philanthropist.

Phenomenological methods are particularly effective in bringing life experiences and perceptions to the forefront. As Smith (1978) put it findings from qualitative studies of this type offer a vivid, meaningful flavor that will prove far more convincing to a practitioner reading this study. Closed questioning or survey methods do not allow for the wide-ranging follow-up probing that characterizes a phenomenological approach (Creswell, 2008).

Participating individuals were asked details about the actual decision point of their philanthropic gifts. There is, in the later part of this presentation, in-depth discussion about what influenced their final decision and how they chose the recipient organization.

### Stages of Data Collection

Data was collected and analyzed in two phases. In the first phase qualitative data was gathered from ten donors who are documented private philanthropists and who rank in the top 2 percent of the United States population in terms of personal wealth. The defining characteristics for these ten major gift donors is that they have committed a major gift of \$1 million or more to one organization.

Phase one data collection required ninety days to conduct the one-on-one interviews at the participants' homes or offices.

The second phase involved brief telephone conversations to clarify any findings or statements made during the initial interview. The project timeline allowed thirty days for follow-up sessions, which was followed by a thirty-day evaluation of the data collected in phase one.

### Description of Research Method

Interviews were conducted to explore and interpret the motivations of donors who provided a major gift to a nonprofit organization. The interview approach employed here required a level of orderliness and degree of formalization, as vague descriptions are of no practical use to others. Creswell describes this approach as inductively oriented phenomenology with a strong commitment to structure in one's approach to empirical work (Creswell, 2008).

When implementing one-on-one interviews there are several important considerations. Strauss and Corbin (1990) claim that site is critical in helping the donor to be relaxed and willing to participate fully. Gathering stories in the firsthand voice of the philanthropist is productive in situations where the subject is most familiar is recommended (Creswell, 2008). Therefore the location for these interviews was the philanthropist's office or place of business.

#### Instrumentation

The interview protocol created for this study was based on adapting the donor motivation questions modeled from the 2008 Bank of America survey of high-wealth donors conducted by the Indiana University Center on Philanthropy. The questions were developed by Dr. Thomas Grabau of the fundraising consulting firm Bentz Whaley Flessner of Minneapolis and Washington, D.C. This research applied similar themes as the Giving USA survey so as to further explain the thinking of high net worth donors.

The Indiana University Center on Philanthropy is the leading center for the study of philanthropic giving. Questions modeled on their research have peer legitimacy. Dr. Grabau is a well-published leader in the field of philanthropic consulting, and he is familiar with qualitative donor research. The confidential questionnaire had a total of ten general qualitative questions, plus additional open-ended probing questions, designed to invite the participants to make additional comments.

#### Data Analysis

The approach for the data analysis was constant comparative method. The constant comparative method created by Glaser and Strauss (1967) is generally

recognized as the most effective means of content analysis for this kind of research (Lincoln & Guba, 1985; Mellon, 1990).

Constant comparison involved joint coding and analysis during the continual review of data to gradually form categories. The constant comparative method is best described in four stages: (1) comparing incidents applicable to each category, (2) integrating categories and their properties, (3) delimiting the theory, and (4) writing the theory (Glaser, 1975). These categories were carefully defined and made mutually exclusive so that relationships were identified between those elements that fell into these categories.

To achieve this level of analysis the investigator went through numerous cycles coding criteria until they were considered by research standards to be accurate and consistent (Guba, 1978). As Glaser explained in 1967, the “purpose of the constant comparative method of joint coding and analysis is to generate theory systematically by using the explicit coding and analytic procedures” (Glaser and Strauss, 1967,p. 437). Like other methods, comparative analysis can be used to generate both substantive and formal theory.

Coding lies at the heart of the constant comparative method applied here. These units of data were compared to each other in terms of their fit in the coding scheme. Coding did not descriptively paraphrase the notes; instead it identified the main categories as well as associated subcategories so that, eventually, all units of data were categorized according to these codes (Strauss, 1993).

The investigator employed DeDoose software to store the raw data and interview notes. The process steps in using DeDoose included excerpting the interview raw notes; applying codes to the excerpts; and, finally creating memos that

highlighted the salient statements from the interviewees. DeDoose possesses powerful analytical tools to perform code analysis, co-code analysis, and cloud analysis the words and concepts the subjects provided. The DeDoose tool was highly effective in implementing the constant comparative analysis employed in this research.

### Data Collection

The purpose of qualitative data is to provide evidence of the characteristics of an experience. The data from these interviews is in the form of descriptions or accounts that will increase an understanding of life as lived by the participant donors.

There are three major sources of qualitative data: interviews, observations, and documents. Interviews produce first-person accounts of the experience. Observations record a researcher's encounters in the presence of those undergoing an experience. Documents are written sources although they can include oral or visual documents about an experience (Maxwell, 2007).

The data produced from the recorded and transcribed interviews were assembled into a single text for the final analytic work. The subunits of the text were made up of the data that relate to each participant. The final text produced for a particular qualitative study was quite extensive.

The production of data for a qualitative study typically results in hundreds of pages of language data. The advent of computer word-processing has made the management of data more efficient. Although designed to assist in the analysis of data, programs such as Dedoose served to keep the whole data text together in one computer file, allowing the researcher easy access to the material.

### Ethical Considerations



Two important steps were involved in addressing the ethical standards for this project. First was submitting the research proposal to the Institutional Review Board (IRB) for approval. The IRB reviews grant proposals with respect to ethical implications and then decides whether additional actions need to be taken to assure the safety and rights of participants.

Second, the research was not conducted until after a favorable IRB opinion was issued that confirmed the board's confidence that the study was structured to protect both the organization and the researcher against potential legal implications of neglecting to address important ethical issues related to participants.

Once IRB approval was received, three areas of ethical concerns were addressed in the conduct of this research. The first, the principle of voluntary participation, requires that people not be coerced into participating in research. This is especially important for this research where researchers rely on a focused audience for their studies.

When a research participant has a strong personal stake in the research subject, researchers caution that peer pressure among the sampled group can minimize the benefit of the research (Strauss, 1993). Because of the nature of qualitative research, as compared to quantitative methods, participants must feel that their participation is completely voluntary (Guba, 1978).

The second area was the requirement of informed consent. This means that prospective research participants were fully informed about the procedures and risks involved in this kind of qualitative, one-on-one research (Creswell, 2008). Donors gave their consent to participate and knew that they had the right to withdraw from the research at any time. If they believed they might be at risk of harm as a result of

their participation, or for any reason, they knew that they could immediately stop participating. Creswell (2008) defines harm as both physical and psychological.

Finally, because of their personal financial circumstances, participants in this study required confidentiality to ensure that identifying information was not made available to anyone not directly involved in the study. The stricter standard, which was applied here, is the principle of anonymity, which essentially means that the participant will remain anonymous throughout the study (Wolcott, 1990). This was possible because of the size and nature of their philanthropic gift. Donors were advised that the anonymity standard, a stronger guarantee of privacy, was the desired outcome when the research was complete and presented. Anonymity was achieved by changing the name of the donors and camouflaging the name of the recipient organization.

## CHAPTER 4

## Results

The goal of this research is to reveal what motivates major gift charitable giving from private philanthropists. This investigation attempts to understand the benevolent thinking that exists in the minds of actual donors. Understanding their motivation and thinking is important to professional fundraisers as they perform research on their donor prospects. Their research is focused on creating an approach that will lead to the possibility that their major gift donors will support their organization with a substantial gift.

These interview results provide insights into the actual philanthropic experience as lived by high net worth individuals. This endeavor to capture the giving experience process, as lived by these individuals, is through the procedure of phenomenological analysis. An example of this process is when assault victims may experience fear for months or years after the assault, even when no apparent danger exists. What does this fear mean? Where does it come from? How is it experienced? The answers clearly bring us closer to the phenomenon that is lived.

This method of learning about major gift donors by listening to their descriptions of what their subjective world is like for them, attempting to understand this in their own terms as fully as possible, free of our preconceptions and interferences will help the philanthropic industry expand on the information collected in the Giving USA annual survey of wealthy donors. Diving deep into actual philanthropic experiences with these major gift donors provides information that fundraising professionals will find applicable to their qualitative research techniques.

The interviews with these high net worth individuals produced over 200,000 words from 10 interviews that consumed over 40 hours of direct interview sessions. These sessions occurred over a span of roughly 9 weeks in 2012. This large amount of text was separated into nearly 300 distinct excerpts and tagged with over 800 unique code descriptions.

These interviews achieved the depth necessary to create the coding labels that allow the reader to better understand their philanthropic experience. An example of this depth, along with the personal emotions exhibited during the interviews, is evident in the exchange with one participant. This person is an emotionally stable, bright, driven and disciplined businessperson. Even with this tough business exterior, the donor was moved to tears by his retelling of his own personal philanthropic beginnings. The following excerpt reveals the raw feeling involved.

"Wow, I have not really thought about that in a while. We were not wealthy people. A family of 8 from <poor section of city>. But my dad, who I eventually went to work for in real estate, was firm about stuff like that. So in the parish he would give an envelope, and so would each of the kids. I was one of eight, the oldest boy. We all had our own envelopes and gave like we saw my dad doing. Didn't really think about it at the time, because it was something everybody seemed to be doing. But I do recall that as my first time giving something. It was small, but I do recall the whole Church giving back then. You know, that was how it was back in the 30's and 40's. It was small giving for all kinds of stuff. Nobody really had any money. Can you imagine raising eight kids? Nobody had anything, but you always gave at the Church. Nobody seemed to think about it, you just did. I am really sorry for getting so emotional, but, gosh, I have not thought about Dad or any of this for such a long time."

The best example of the firsthand view into the life of these donors was demonstrated in a conversation with another participant, a high net worth individual with personal financial holdings of over \$1 billion. This particular donor placed an automobile key ring on the interview table. The key ring holder held a local

supermarket retail discount purchase card. At the conclusion of the interview the donor was asked why a person that possessed the financial resources to purchase the entire chain of these supermarkets would possess a retail value card. The donor's response was genuine, authentic, and revealing of his internal thought process about how he views and manages his money.

"Why do I carry a <store> value card? Because it saves me money! Don't laugh, because I know I don't need the money. But I am 82 years old and making money on my deals is how I know I am staying sharp. So if I can save a dollar on a gallon of milk, I am going to save a dollar on a gallon of milk."

Yet that same donor, in the same conversation, went on to explain his expensive purchase of a third engine for his private jet. The donor's telling of his motivation to purchase this jet engine again demonstrates a thought process that most people do not relate with or understand in the lens or prism of issues that are relevant in their life.

"Oh, I've been busy. I was in Wichita, Kansas. What was I doing? I was getting a third engine put on my private jet. When I fly to Paris it disturbs my sleep when we have to stop for fuel in the Azores Islands. I like to sleep for the entire trip. So I had a third engine put on the plane so we can carry enough fuel to go right into Paris."

The donor reveals a perspective and a line of thinking that most people may find difficult to understand. Most people are probably not familiar with the Azores Islands. Fewer still realize that these islands serve as a refueling station for private jets traveling from the United States to Europe. Yet high net worth individuals would understand and comprehend the expense involved in removing the annoyance of a fueling stop as part of European travel. According to the donor a jet engine for a private craft costs roughly \$250,000.

The range of the donor's thought process, his desire to save one dollar on a gallon of milk to the substantial investment of the private jet engine demonstrates both the opportunity and challenge for a phenomenological evaluation of high net worth individuals.

The challenge for fundraising professionals is to consider the full range of the donor's decision making process that is relevant to the donor. From purchasing a daily commodity at the lowest possible cost to an expensive purchase to avoid the annoyance of a jet fueling pit stop, the range of the thinking in this conversation mirrors what a philanthropist's subjective world is like for them. A professional fundraiser's research into the donor's thinking must include an attempt to understand the donor's thinking in the donor's own terms as fully as possible, free of their preconceptions and interferences the fundraiser may bring to the interaction.

In ordinary life we capture and conceptualize everything using our preconceptions to turn everything into something other than it actually is. Phenomenology strives to clarify receiving abilities and rediscover the actuality of what is via the evaluation technique of constant comparative analysis and creating coding labels that portray the first person thought process of 21<sup>st</sup> century major gift donors. The opportunity for this research is in the fact these donors provided this kind of rich, layered and complex insights into their philanthropic thought process.

The coding analysis took the conversation raw data and put it into four motivational related themes. These themes came from the stories and insights that these donors shared about what drove their personal motivations, the details about his/her major gift commitment, and, finally, what attracted them to the organization they supported.

Of the four motivational themes the most dominant code was consubstantial, which was tagged 167 times to the 251 excerpts taken from the interview transcripts. The next code applied was cultural affiliation, applied 153 times. Social responsibility was applied 122 times and logic was applied 100 times. Out of the remaining 13 codes among the code selection menu, none were cited more than 60 times, most less than 20 citations.

When evaluating co-codes, defined as codes applied to the same interview excerpt, consubstantial and cultural affiliation appeared together on 116 of the 251 excerpts. Followed by the co-codes of social responsibility and consubstantial appearing on 96 excerpts together. And finally, social responsibility and cultural affiliation appeared on 85 excerpts as co-code descriptors (Appendix B).

When comparing these findings to the Giving USA (2010) survey results on donor motivation it is interesting to note the small number of times that these donors cited tax benefits as a primary motivational factor in philanthropic decision making. Tax benefits were coded only 12 times among the interview notes. Transformational giving was also coded less than 15 times. These particular donors did not consider these themes to any great degree that they can recall as major factors in their philanthropic decision making process.

That is not to say that logic and financial discipline are completely dismissed or overwhelmed by emotional responses. These donors still consider the financial efficacy, or how they pay their gift, as an important secondary factor. The following quote is an example of the level of fulfillment thinking demonstrated by one of the participants.

"We had some stock that we were holding that we expected to see substantial gains in the next year. If

that happened, we just planned to sell the entire stock holding and give the money. If it didn't we could have borrowed against it, you know, to get them money upfront. Or, if necessary we could have gone into our short term investment portfolio that is like cash, and used those funds. In the end we did the pledge over years, but did end up selling the stock and just paid off the pledge earlier than they expected."

The number of motivational themes from this research is also smaller when compared to the research by Schervish. Schervish created 13 theme clusters that he recommends nonprofits use to screen prospective donors (Schervish, 2005). The reason for the cluster count difference is due to the fact that Schervish's research queried a much larger pool. It is important to note that Schervish employed a quantitative approach with a more expansive research database when compared to private interviews with a smaller pool of ten participants.

However phenomenology applied to a smaller sampling provided detailed insights by utilizing a deeper, more expansive qualitatively based interview. Thus the clusters count is smaller but the depth of the cluster themes is much greater.

According to their own words the question of why a major gift donor gives is as important to these donors as the eventual recipient of their generosity. Of equal standing is how they developed the trust relationship that led to their financial commitment. Understanding why is important to better understanding global donor motivation.

#### Motivational Themes

The data analysis led to coding descriptions that were placed into four primary thematic categories. Below are the short descriptions for each of these categories. After the short definitions there follows a more in-depth analysis of each theme as well as interview quotes and text supporting the specific code assignment.



### Cultural Affiliation

One of the themes is cultural affiliation. The definition of cultural affiliation is a relationship or shared group identity which can be traced historically between members of a present-day tribe or organization (Brewer, Gardner, 1996). Cultural affiliation is established when the evidence suggests that these donors are connected, based on geographical, kinship, biological, archeological, financial, religious or other social connection.

For these donors they learn about and maintain interest in nonprofit organizations through their communities of participation. This includes their philanthropic role models, the organizations they currently support, and how they use their cultural affiliations in their charitable lives.

These communities are not just the immediate geographical community in which they reside. Their community extends beyond their church affiliation, industry, employment, clubs and memberships in various civic organizations, which are indeed important, to include schools they attended, national business friendships, and groups of friends and acquaintances introduced to them by peers. As suggested in previous research these high net worth individuals tend to trust people they consider part of their community or cultural tribe (Frank, 1985).

One quote that reinforces the nature of culture and community is from a donor that was seated in his private country club dining space.

"And, like <name of the nonprofit>, it is easy to grab some guys around here (country club private dining room) and say, "hey, take a look at what this group is doing." You know, I've got a couple of bogies here, because I supported some of their stuff that I don't really believe in, but my friends asked me to get involved, so I did. So I'm not afraid to call in the favors."

### Social Responsibility

A second theme is the social responsibility. This theme is related to the donor's social responsibility consciousness. From the interview results it is clear that these donors have strong social values, religious beliefs, and attitudes about social responsibility. This also includes their perceived responsibility to the organization they support, as well as the organization's responsibility to them. Because of their business self-confidence that produced the resources they utilize to make their major gifts these donors all have great confidence in their ability to identify what society needs to be successful and how they can contribute.

One donor's experience during his Korean War service illustrates how he formed his personal view of his social responsibility.

"I was in the Army. I was part of the group that coordinated the intake of soldiers from around the country. I was sent to Georgia in 1955 to give these tests and intake soldiers. I was shocked when I got down there. The illiteracy was unbelievable. Half of the kids that took the test, no matter if they were black or white, failed this really basic test. Like does the water go in your glass or on the table? You know what I mean? Anyway, I'm from where the kids didn't want to join the Army, but these kids wanted to join! But they did not have any reading or writing skills and could not pass the test. That hit me so hard, from there I decided that I was going to support education and housing causes. Yeah, I do some other small things, but these are the areas I've always supported- meaning I giving meaningful money to the underserved."

### Rationale

The third theme is rationale behavior. Donors have to be able to make sense of their support and what they are doing. Both when they choose to give a gift and when they don't. There are emotional moments in the process, but, in the end, and

throughout the process the donor has to apply and articulate rationale themes in their own mind to account for providing a major gift.

One donor's response, when asked to offer practical advice to fundraisers, responded with a statement that provides an overview of the how the donor views professional fundraisers.

"Be upfront with people. Everybody knows you are trying to raise money, so don't beat around the bush. We're smart people, you are smart people, just explain what it is you are trying to do. Try to get to know me, line up my mission and values with your group, well, that's your job. So do the work and figure it out before you waste people's time."

The quote reveals the thought process these donors relate to their own thinking and internal decision making process. While parts of the philanthropic relationship can be emotional this donor's words reveal the pragmatism involved. Another donor provided similar thoughts when asked the same question.

"Well, a lot of them (non-profits) just come charging at you, you know, and you have to make sure it is an organization that is willing to go slow and get you involved and answer your questions. I like to talk with other investors, and the people running the place. With <organization> or even <organization>; my getting to know them is through their other directors or Deans, and even their CEO. Mostly through checking them out with people I know. But, well, like I said, I think these gifts are investments, and I feel obliged to make sure the school is managing the investment right. I created the money and I have years of experience in business, even though I never took a business course, but I still have a lot to offer. Some people think I'm too outspoken, but I feel it is important to ask questions, and know that my investment and others are being handled correctly."

It is logical to these donors that organizations are pursuing them because of the wealth the donor possesses. But they have a low tolerance for the lack of

knowledge or understanding of the donor's personal values. They are rational about the process and realize they are being courted, and many times in aggressive ways, for one reason. One donor put it best.

"When I made money, I was a target."

#### Consubstantial

The fourth grouping is consubstantial. This is a term that portrays the merging of the donor with the organization into a marriage or life commitment relationship. The consubstantial theme goes well beyond ownership.

In the Catholic faith the term consubstantial is used to describe the common humanity which is shared by all human persons. The Church teaches that Jesus Christ is said to be consubstantial with the Father in his divinity and consubstantial with humankind in his humanity. This term was canonized by the Catholic Church in 325 at the Council of Nicaea. The meaning to early Catholic scholars was that the Father and Son were one essentially person (Vatican, 2012).

Applied to these donors the use of the term best illustrates the experience of giving a large amount of their wealth to one organization creates a lasting relationship similar to the definitional intentions of the Catholic Church.

Ownership is the most common label applied to major gift donors (Schervish, 2005). But ownership, for these donors, was considered an inappropriate entrepreneurial term. What is clear from these donors is that it is less about ownership and similar to a spousal relationship. The terms and concepts of ownership, return on philanthropic investment and other business terms do not fully capture the emotional, visceral and personal nature of the relationship as seen through the eyes of these donors.

An example of this high level relationship is the modern view of marriage. A spouse does not own their partner but they do own the relationship. This is true for the donors in this study and their view of their relationship with an organization that accepted their major philanthropic support. They see the connection as similar to the sacred nature of a marriage or a committed relationship.

The following words reveal a donor's view of the relationship between the donor and the organization they supported with a gift.

"I have to really believe the group that I'm supporting is my group. I am them and they are me. If the mission is not there, I don't support it. There are a lot of groups out there doing good work, it is just the fact that it is not my good work. I'm about the hunger and homeless. You want to support education? Go right ahead. Me, no, it is not me."

### **Themes Expanded**

The following provides a more expansive connection between the code applications and the descriptions. Expanding on the codes and providing textured thoughts from the first hand experiences of these donors will enable other gift officers to make full use of this research into their qualitative research and relationship management approaches they should consider applying to their major gift donors prospects.

#### **Culture Affiliation Theme Expanded**

The opening questions with the participating philanthropists focused along their professional and personal life progression. The interviews started with the donor considering their formative years. Questions were designed for the donor to reveal how they came to be philanthropic in their community. What charitable or philanthropic realities were present in the lives of these donors as far back as they can

remember? Or was their major gift giving triggered by virtue of the fact that they simply had made a lot of money?

One benefactor provided a reaction that was consistent with all those interviewed. He recalled the actions of his family as his inoculation into a culture of philanthropic leadership and social responsibility.

"You know, I would have to mention my grandfather. He did something extraordinary. He gave a school to the black community in my town- back when I was growing up. The black community did not have a school and he gave them one-despite the uneasy feelings this obviously caused among people in town. Almost like the Atticus Finch story in To Kill A Mockingbird, you see my grandfather had such a great reputation that nobody in town would take him on directly about his gift. Especially this school gift. But he made it because it was the right thing to do. I've told you, my family had a tradition of giving so I felt I was doing something normal. You know something that would be expected of me. Don't you think it is like that? If you see it done at home it is something that will come easy to you. At least this is what I've found.

The life progression inquiry was to determine if anyone in particular influenced these donors to become major givers. What early life experiences, if any, led these donors to support the organizations they do? The initial interview questions were designed to evaluate what story or real life experiences led these donors to choose to be major gift philanthropists. And at the time of their decision to provide a major gift how important were these early experiences and role models in their decision.

The conversations about the donors understanding of their relationship with a philanthropic role model were important. Revealed from their stories it is clear that their role models were on their minds at the time of their decision to make a major

gift commitment. These consistent role model statements led to the creation of the cultural affiliation theme.

An important cultural subtheme is the donor's level of trust in another individual. This trust is grounded in a personal and longer term evaluation of his/her integrity that comes about as a result of common cultural identification. In other words the more the donors observe these integrity characteristics in associates who make up their personal community; their level of trust in those associates is likely to grow (Kraus, Piff, and Keltner, 2009). It makes sense, then, that the people in their personal orbit are the truly credible sources by which they gain relationship-building information about the organizations they are considering supporting. In turn these will be the people whom they will solicit for nonprofit organizations they choose to represent as a volunteer.

One donor explained it this way when asked how he gathers information on a nonprofit organization.

“You know, there are so many ways, but mostly through my personal contacts and acquaintances. I like to know who else is involved, why they are supportive and make sure it is an organization I feel comfortable supporting. Sure, I like to get reports from the people (staff) there, but usually I'm interested in what others think.”

The cultural affiliation theme is not new to the 21st century America. As Ip (2007) and Reich (2009) along with others researchers have documented, America is dividing into a two-caste society during the last part of the 20<sup>th</sup> century.

The viewpoint of these donors is that their personal understanding of society also reflects this two-caste society division in America. The makers and takers societal viewpoint that was expressed by GOP Vice Presidential candidate Paul Ryan

(New York Times, 2012) is a view that makes sense to these high net worth individuals.

These donors were all raised and experienced their childhood in the 1950-1960 timeframe, when there was always a gap between rich and poor then, but it wasn't that big (Reich, 2010). A house in the suburbs cost only twice as much as the average new American home. The top luxury car, the Cadillac Eldorado cost about \$47,000 in 2010 dollars. That's pricy but nowhere near the price of the top luxury cars today.

More important was that in the 1960's the income gaps did not lead to big behavior gaps. Roughly 98 percent of men between the ages of 30 and 49 were in the labor force, upper class and lower class alike (Bielefeld, 2000). Only about 3 percent of white kids were born outside of marriage. The rates were similar, upper class and lower class (Murray, 2011).

Since then, in the view of these donors, America has polarized. From their descriptions of the current demographics they believe the country has separated into different social tribes or cultures with a tenuous common culture linking them.

What these donors are feeling is evidenced in modern demographic realities. Today there are affluent enclaves clustered around the coastal cities, such as Chicago and Dallas. If born into one of them, that person will probably go to college with people from one of the enclaves; that person will marry someone from one of the enclaves; and, in the end, go off and live in one of the enclaves (Pew, 2012).

There are vast behavioral gaps between the educated upper tribe, 20 percent of the country and the lower tribe 30 percent of the country (Reich, 2010). These donors feel that this is what is happening in the United States. They point to the recent



political campaign as the source of information to reach these conclusions. These interviews were conducted at the same time of the Mitt Romney 47% video tape release during the 2012 Presidential election. These donors supported the overall theme that Romney was making with his statement. One donor's statement is evidence of his agreement with presidential candidate Romney.

"You know, people that I know that are donors that make gifts, well, they use careful thought, and see their gifts less as a contribution; you know, more like as an investment. So, sure, I'm going to give gifts, but people don't want to work for it. I want to give to help people who need a hand, not people who feel like they deserve it. I get so discouraged when I give to organizations and they resent when I give them a hard time about making sure my gift does not become an entitlement. Too much of that going on. My gift is going to go to some organization that gives me the whole picture of what they are doing to make sure my gift is a one-time helping hand and people are using it to leverage out of their situation, not living off my success."

The resulting impact of society's move toward a tribal structure is evident in the words and motivations of these donors. Rarely did these donors talk of philanthropic support of art museums or similar endeavors. Instead they use their cultural affiliations for identification and qualification of worthy philanthropic missions to support that address the cultural divide in this country.

One donor excerpt describes this acknowledgement of his cultural standing and his position in society to make a difference. His motivation is driven from a culture of philanthropy, albeit in smaller amounts of giving.

"Just my parents and family that inspired me, hell, I came from nothing. We didn't have any money and didn't know anyone who did; my experience was \$5 in the basket each week. It was old school stuff I'd guess you'd call it, but that is basically how I came to the habit of giving gifts to different places and people. People back where I grew up, well, they took care of each other and our community needs. I'd guess it was more of a Christian thing than a Catholic doctrine thing, but you just gave what you could and did not think

about. Even with my family foundation and how I do things today, I still have that same kind of attitude."

These donors pointed to their personal philanthropic donations as catalyst gifts to reduce the perceived cultural divide. One donor explained this approach, using the example of returning veterans that have served in one of the longest wars in United States history.

"The purple heart housing is amazing, where we find veterans that are struggling to buy homes, or renovate homes for them. Kind of like habitat for humanity, but dedicated towards veterans. I've got a mortgage company that is dedicated to helping veterans, and we're making a lot of money from this venture. So I'm giving 5% of each sale to the Purple heart housing. It is the law of small numbers- meaning that it is adding up to \$1mil's pretty quick. I want to spend more time with this effort, but I've got to get out of some relationships, like <organization>, where I've been involved for over 10 years. I'm still passionate about what they did, but they need to find some other people now, after this long of time."

What is clear from these donors is that for nonprofit organizations to gain access to a donor's cultural environment and establish the level of trust necessary requires that the organization find someone who knows the prospective donor and is a recognized, trusted member of that prospective donor's culture and perceived social orbit. The personal introduction is more powerful and efficient as compared with the credibility or relationship building abilities of case statements, efficiency reports and brochures.

This is demonstrated by one donor's statement. When asked about how he gathers information about an organization he offered a response that was weighted toward personal contacts and his cultural affiliation. From his response he informs that the people with whom he has an existing relationship are paramount in his

investigation and ultimately in his final philanthropic decision. He was asked how he gathered information about the organization he supported.

“Well, for me, I like to ask around a lot. I’m in the business world, so I ask people I trust, who I know support these people. If they are clear on what they are trying to do, meaning the trustee or director, then that is a good thing. If they are confused, I’m sure the organization is, too. I don’t want to join a mess. So I ask a lot of people the same question about the group, and if I get the same answer, I know it is pretty clear what they are trying to.”

This same donor, when asked about a multimillion-dollar gift to an organization was very direct, about how that particular gift was consummated.

“Like at (organization), too. (CEO) approached me and said the (organization) was trying to be the best in the country, so I didn’t get it down in writing, not with him, and a handshake is good enough for me. Anyway, I believed him and got involved.”

Another donor, when asked about one of his personal gifts, one of the largest single gifts in Colorado philanthropic history, revealed the level of personal trust that was involved with the decision to make his gift. His response revealed the small number of people who held this degree of trust.

“For me, three people were the only ones I talked to about this. (Name) was someone I respected and admired and someone who loved (the school.) (Name) was another person that loved the university and (name). It was (name) that convinced me that my gift could make (school) into something that fit my and his vision.”

This same donor was asked if anyone tried to talk him out of his gift. His answer supports the theme that the weight of the advice of trusted advisors trumps all other sources.

“Many people tried to talk me out of this. They said I was crazy, but they were people that did not

know the school or what it was I was trying to do. Their objections dealt mostly with the amount of money I was giving to one organization instead of spreading my gifts out, or demanding that other trustees or partners match my contribution. (Starts to tear up.) No, it was something that once I decided to do it, sure, people questioned it, but I was not going to be talked out of it.”

It was also the case for one donor that his gift was the result of a trust relationship. This particular person was someone without money but a person he came to admire because of the way he lived his life. His gift went to person of faith. The donor shared this faith and that sharing a common belief was the essential element is his personal trust.

“One major gift I’ll always remember was influenced by an impressive vicar of a Catholic order I was also involved with. Another was done in admiration of a Catholic sister working in the mental health field. All kind of crazy, but they make sense to me.”

The personal trust that comes with being part of a donor's cultural world is important in many ways. Personal and close friends understand what the donor really cares about so completely that many times philanthropically each is able to act as an agent for the other. Trust as part of the cultural affiliation relationship, at this advanced stage, is also enhanced by a strong emotional bond between the parties, based on a sense of shared goals and values.

For organizations that advertise, create graphically pleasing brochures, and do the usual things organizations do to appear credible, it is the conclusion from the words of these donors that trust and credibility are achieved through people in their personal community, people whom the donor trusts and respects. Not the pieces of paper.

### Social Responsibility Theme Expanded

Social responsibility is a theme running through the interview results with these philanthropists. Each person affirmed, in different ways, a responsibility they felt toward society. These donors obviously feel that their financial means, and their personal business acumen, cast them in a societal role with greater responsibilities. They understand that social responsibility is voluntary. Their self-perceived responsibility is beyond any legal responsibility involved in our country's tax code. They arrived at their own view of what they personally need to do for society and their executive backgrounds lead them to act in a proactive manner toward solving a problem.

From that common perspective the ways in which these donors went about fulfilling their social obligations were different. For one donor his decision to transform the life direction of an organization was based on a combination of family experiences and what he believed his gift could do for future generations, improving the world long after his life ended.

“Once I decided I wanted to support the (organization), really believing that what I was doing was going to change the lives of our students; and I really thought we would do this better than what I saw being doing prior to my arrival, or what I saw at the schools I went to visit, I was convinced my support was something I had to do. I thought about a lot of different levels of giving, but I finally came to the idea that if I was asking them to change their life, if I was trying to change the lives of others, I had to change my own life. I had to prove to myself I'm not dependent on material things; it was a very emotional time, spiritual is more like a term I would use. But once I decided I had to do it, figuring out how to do it was something I knew I had to do, and I went about doing it.”

Another donor also spoke of education as part of his social responsibility.

When asked why he chose one educational institution over another his answer revealed a rational assessment.

“Well, the most influential thing is what the organization is doing. I have to believe in what they are doing, be involved at a good level, and, for me, have to see they are trying to be the best in the business at what they do, like a school, or banking program at (specific school), programs like that.”

When speaking about an education organization he did not support, even though he held a degree from that school, the donor made clear that his social responsibility theme was not addressed by that educational organization. He felt the gift officer disingenuously appealed to his ego as a successful businessman. The quote below portrays this. The question was can you think of an organization that asked for a major gift and you chose not to support them?

“Oh man (laughing) I can think of one right off the bat. The Dean of (the school) comes out to see me. I don’t know the guy, but I got a degree from there, so, yeah, I take his call and I see him. He starts telling me I’m a legend back at (school) and bull crap like that. They want me to come back and talk to students. I’m not going back there to talk to students. What I see is different is like over at (school), where I’m going tomorrow, they want to set up a division for banking education. That kind of stuff I’ll support, because it will get the right kind of people trained to enter the banking business. But have those guys slap me on the back, c’mon back and talk with students. About what? They just want me to support their endowment program with a large gift, although they never said the amount, and I saw right through him.”

With this donor the school that garnered his support did so because the proposed program will train banking students to conduct their business in an ethical and responsible manner, a theme the donor is supporting. For the institution that

failed to secure the donor's support, it missed the opportunity because it did not highlight any social impact that might result from his support. Instead the institution appears to have taken the donor for granted by appealing to his ego and prior relationship with the school. Neither the ego nor the previous relationship was as strong as the appeal to his social theme that the successful institution used to develop a relationship.

One of the participants was a professional athlete. The excerpt below describes how influenced his professional culture to fulfill his societal obligations. The cultural setting of a locker room is the backdrop for his excerpt.

"How did I get the guys in the locker room to consider supporting the <name> school? Well, the first thing I tell them is that I'm all in, that I'm giving to these folks. No greater message than telling them that I'm walking the walk. It is my mission and I'm committing a lot of my own money. They know me and they realize that it was more changing for me than it was for the <name> school or the kids."

Another donor's approach to his social responsibility is focused on the dignity of the individual. His belief in improving society is his primary motivation as he matured as a philanthropist. This donor was asked how your experience of giving change over time did.

"Well, as you mature in life, you realize that the greatest feeling or response to giving something you can receive is to see a smile on the face of an underprivileged child's face, or to know that you've done something to better society. Giving money is strange that way. By treating others as you regard yourself, you come to regard or think about yourself more significantly. Most people don't perceive that. But if they become aware of it, then they have a tendency to want to give even more and really come to understand the value of it. Everyone has value, no matter what status they are. The guy who sweeps the street, for example, is that much more significant to the

person who doesn't sweep the street. The thing is to first recognize that everyone has value. The second key is to help those who don't understand their own value come to recognize it. There's kind of a synergism, a central focus or theme, in that. These are the kind of things I've learned over time, as I say, when I've matured, my gifts are bigger and I now really understand what I'm doing and why."

Social obligations can be fulfilled in a number of ways. One unique way came from a donor, which, in his view, the financial gift he provided to an organization changed the life of that organization. But the donor also believes he changed the institution's life by the gift of himself and by showing this organization how he approaches the business world. He views both gifts as a lifelong and life-changing. This is a longer quote but reading it in the full context provides insights into this donor's thinking. The donor was asked about his large gifts and what were some of the things that influenced him.

"You see, this is where I'm very different. I don't give these groups large amounts, just step right in a pay for things. They'd not value it, just given to them. No, I try to give the seed corn to get things going, the fly wheel to get projects off the ground. <University> is a good example. They are great in basketball and have won conference championships, but never played a game on campus. So I tell'em to build an arena, like we did the <professional arena> using no tax payer money. So I fly the <pro sports franchise> people out there to show them how we did it in <city>. After that I had Lehman Brothers come out and show us that we have \$190mil in credit capacity. So, we borrow money at 4.5%- invest it with a 9% return- and that is the money I've been using to pay the bonds off for the new basketball arena. So, they name it after me, but all I'm doing is eating a piece of the bond payments. I got a lot of deals like this, where I'm committed to a place over the long haul. A lot of these bonds, like <local high school> new football stadium, doesn't come in until <year>. We build a beautiful football stadium, bought over 52 homes to build a buffer between the crack houses and the school, and



now the football team is state champions. Now these are both great projects, but I showed them how to do, gave the seed money, and bite off part of the bond. This is how it should work; sure, I could just write the check, but I don't think these folks would appreciate the stuff they got, cause now they are also paying for it and take better care of it. See, the first thing that comes to most people's minds when they think of giving a big gift is cashing in from the stuff that have in the stock market. After all, stocks are exciting. The swings in the market are scrutinized in the newspapers and even covered by local evening newscasts, so people know when people like me have it. Man, now days the stories of investors gaining great wealth in the stock market are common. But for me, these private bonds deals, on the other hand, don't have the same sex appeal. The lingo seems arcane and confusing to the average person. Plus, bonds are much more boring - especially during raging bull markets, when they seem to offer an insignificant return compared to stocks. However, all it takes is a bad market to remind these people of the virtues of a bond's safety and stability. So what I've done is giving these people a way to leverage what they have, help them a little, and let them help them selves a lot. Now I got all kinds of deals out there like this, hard to keep track of, but I'd rather do this than give them one huge gift, like I see others doing."

For these donors the social impact of their major gifts has to be self - understood in an authentic way. Phrases like "changed their thinking" and "change students' lives" are real to these donors. In their social responsibility view these donors want sustained and ongoing change in the lives of the organizations they support. They also want this in the lives of the people the organizations serve. To speak of change in short-term fashion will generate little interest with these donors.

#### Rational Theme Expanded

These donors believe that society can be changed. But these donors provided a personal mission statement that made clear they understand what they are doing

with their philanthropy. They tend to think big and do large scale projects that make logical sense to them.

From their own words their gifts must fulfill their own understanding of why they are financially involved and connected to a nonprofit organization. For these donors this relationship clearly involves more than just financial resources, that their giving and support responsibilities are met by gifts of both resources and self. If organizations are not willing to engage the donor's logic and advice as part of the relationship, organizations should consider declining the donation.

Expectations that a nonprofit organization should work towards gaining a better understanding about a donor's personal values is an expectation that these donors expressed. For one donor his early adult years are relevant to understand his current giving motivation. When asked about why he supports the causes he does his response focused on his supervisor as a young executive.

“Yeah, there was one guy in my life that really framed this for me. The man who owned the construction company I worked for. I started as his tax attorney years ago, and we worked together for about 16 years. Anyway, he had many attributes that I admired and follow. He had many I don't, because he was a tough, hard-headed businessman, but giving was something he did. Things like these nuns, and he wasn't even Catholic, wanted this property for their school, or some such thing. He sent me over there to have lunch with the nuns; I was his tax attorney, so I'm trying to figure out how to help these ladies, which we finally did. Anyway, working with these nuns and seeing impact of his gift always stuck with me. Funny though, when he died he left 99 percent of his estate to charity. The whole thing was about \$17 mil; I remember it, because I had to do the probate work. I never understood why he waited until after he died to see his philanthropy happen. I thought to myself, I'll not let that happen to me. I want to see my money work. He also got me thinking about my legacy, who

will spend my money when I'm gone? Hell, I decided I would do it while I was alive."

For this donor it was his logical approach to perform his philanthropy while living. Any organization that approaches this donor for an estate gift will run headlong into this rational approach to his personal philanthropy.

Another donor believes that his inspiring the organization to change their thinking about its finances is how he rationalizes his ancillary gift of independence. He trusts the organization will value the new athletic facility that he helped create because it entered a long-term relationship with the donor who inspired the project. He also believes he changed the life of this organization in the way he executed his gift. An approach to philanthropy that he prefers to simply turning over a large amount of his assets.

One donor was very colorful and animated about his big gift of both money and thinking. He believes both changed the way the recipient nonprofit conducted their business practice. The following excerpt tells this story.

"So I get the bond capacity stuff, and I'm willing to eat a chunk, showing them that we can do both projects. The stretch for me was nothing, I just did the bond deal times two. I don't have to bankrupt my checking account and just write a big check, I show this unsophisticated board how to conduct business. So we end up with two projects. You know what? Then the old CFO leaves, a real belts and suspenders guy, and the new guy figures out what I'm doing. So he gets a developer to put in a town square with a new (food store) stuff, the whole nine yards. So, sure, they just want the money from me, but, like I say, I want to be the pinwheel that gets this stuff going. I know how they should be thinking and conducting their business. I think business people should do more of this, so much of the major gifts I've seen go into a big black hole after the checks change hands. Not with me. I stay right on top of what these people are doing."

He goes on to say that his desire to financial support an organization is achieved by the result of his changing forever the way the organization goes about its business.

“So my gift to these people is that I transformed this place. Last Friday night I was in (city) for the dedication of the new (high school) football stadium, best thing I’ve ever done. No way these kids could ever play in a facility like that. I gave them a little seed money, now I’m paying back a bond that is producing arbitrage on the market, and I’m not even touching my family foundation to pay for. You see, it is a good system and I can do a lot more for people instead of just writing a check and having them kiss my rear end for doing it.”

Another donor also makes it clear that his applied skills and expertise are as much a part of what he is giving the organization as the impact of his monetary gift. His logic about his role within the organization is his self-evaluation of his skills and areas of interest.

“If you got business skills, or what skills you’ve got, you need to offer these to the organization, not just your money. I don’t raise money, I don’t like to do it, but I give money, and I’ll help you manage it properly. Some people can help you recruit new trustees, other givers, and stuff like that. I’m not like that, so I support them by giving my business insights instead of hosting parties.”

These responses confirm the idea that donors apply the same logic to their philanthropy as they apply to their business ventures. They manage in logical fashion, yet still aim to achieve outcomes that are emotionally connected to their desire to change society, in a big way. As a result their natural instincts are to monitor their gift to ensure the support is applied and getting the desired results. The view both the resources and their oversight skills as part of the gift. For these donors

it is logical and makes perfect sense. Again, that same donor responded reinforced this theme.

“Well, like I said, I think these gifts are investments, and I feel obliged to make sure the school is managing the investment right. I created the money, and I have years of experience in business, even though I never took a business course, but I still have a lot to offer. Some people think I’m too outspoken, but I feel it is important to ask questions and know that my investment and others are being handled correctly.”

#### Consubstantial Theme Expanded

The consubstantial theme relates to a very intimate, unique and personal relationship between the donor and the organization they choose to support. The term consubstantial is an appropriate descriptor to capture the perceived merging of the donor with the organization. Light from light, merging forever into one.

The definition of the consubstantial concept goes well beyond the idea of co-ownership or philanthropic investment according to the words from the donors interviewed for this research. For these donors the relationship is something that transcends a business relationship.

The origins of the consubstantial concept came from the Catholic faith tradition. The term consubstantial is used to describe the common humanity which is shared by all human persons. The Son of God is said to be consubstantial with the Father in his divinity and consubstantial with humankind in his humanity in the theology of the Catholic church. The meaning to Catholic researchers was that the Father and Son were one essentially person.

Applied to the viewpoints of these donors the use of the term is appropriate. The consubstantial label illustrates that the experience of giving such a large amount

of their wealth to one organization, in the form of a major gift, creates a relationship similar the definitional intentions of the Catholic Church.

Ownership is the most common label applied by philanthropic writers and researchers (Panus, 2011). But ownership is an entrepreneurial term that when applied to major gift donors interviewed for this research does not reach the appropriate description to capture the closeness of the relationship these donors believe they have with the recipient organization.

What is learned from the post gift relationship described by these donors is that it is less about ownership and more similar to a spousal kind of relationship. The terms and concepts of ownership, return on philanthropic investment, and other business terms do not capture the emotional, visceral and personal nature of the relationship as seen through the eyes of these donors.

An example of this complexity is that these donors see the relationship as analogous to the sacred nature of a marriage or a committed relationship. One donor was asked about his relationship with organizations he supported with a major gift. His answer reveals the closeness described in the marriage analogy.

"Kind of the same response as earlier. Once I had money to give, real money, I stayed with the organizations that I had committed to support. My support is not all about money, it is about me, too. I want to be part of the group, help find solutions, get others involved. That is how I run my business, and, for large gifts, and I've given a couple of large ones indeed, that is what drives it. Total, all-in, commitment. Not something that I kind of fell into, but something I was a part of.

Another donor was asked about her relationship with an organization that sought a major gift and how the relationship evolved. Her story and words reveal the similarity to the courtship stage that is part of the overall committed relationship

evolution. The donor was asked to think of the last organization that approached her for a major gift.

"Well, you may know of this one! Fr. <name> invited me to campus and said you know we've never touched you for a gift." I knew this was coming. So I said, "yes, that is true. What do you have in mind?" Well, all of the sudden he starts talking about Buddha art work in the hallways and other weird kind of religious art from around the world on the hallways of the main building. Can you believe that? Spending that kind of money on Buddha artwork? It is what he wanted, but I was not interested whatsoever. So I asked him "why do you want this?" He says he likes it and he thinks the students will like it. So I told him to go ahead and buy his art, only he is going to pay for it, not me!!!" After that, he came around a few more times, but he knew it was over. He had his shot and he blew it. Can you imagine, Buddha art work? What a waste of money."

Of the donors interviewed one donor in particular is a very tough and rough-edged business person. A response he shared about his relationship with a recipient organization revealed his emotional view of the relationship with the institution that he supports. More importantly is how he intends to make sure his family understands this level of emotional attachment in their giving as well.

"You know, it is like I tell my kids when they ask me to give money from the family foundation. Do you believe in this organization and are going to stay involved? If they say no, I say no. You see, both <school> and <school> got me on their board, listen to me, and make me feel like I'm important to the life of the organization. I know their long term plans, they communicate with me all the time, and I really feel like I'm part of the organization."

### Summary

This research is designed to better understand the private world of major gift philanthropists in order to help determine their motivation when supporting organizations with a major gift. The stories, concepts and ideas shared in this research allow a deeper understanding what the philanthropic thinking is that exists in the minds of these donors.

These conversations provide a view into the life experience as lived by these individuals. Their willingness to share compelling stories permit the reader to capture the philanthropic experience as lived by these individual. These major gift donors cooperated fully. Their openness allows the reader to understand their world in the donor's own terms and gain an understanding of what inspires and motivates these philanthropists.

When preparing recommendations for further research it is important to reflect on the fact that these donors shared that the primary motivation for their philanthropic activity is spiritual and personal in nature. These themes will be important when applying these insights into improved qualitative donor research techniques.

The phenomenology approach applied to this sampling provided important and detailed insights. When utilized these insights offer a deeper, more expansive personal view of the philanthropic act itself. This creates an opportunity to fully grasp, understand, and apply the resulting clusters themes.

These interview findings are best summarized by a quote from Aristotle that is centuries old. "To give away money is an easy matter and in any man's power, but to decide to whom to give it and how large and when, and for what purpose and how, is



neither in every man's power nor an easy matter. Hence, it is that such excellence is rare, praiseworthy and noble" (Aristotle, 380).

Aristotle's advice is important to consider as the application of these findings are converted to suggested rigorous and improved qualitative donor research techniques to discover how 21<sup>st</sup> century donors make their decisions to whom to give money and how much to give.

## CHAPTER 5

## Interpretations, Recommendations, and Conclusions

Good advice for fundraisers comes from the one of the participants. When asked to share advice about improving relationships the donor responded this way.

“You ought to tell those people to take more time and get their act together. They need to know what you’re all about. You know, do your homework and just don’t come strolling in here because I got money. The way I do it, my seed corn approach, you better know what you are doing and have some good information, or I’m going to throw you out.”

This donor is aware that the amount of his personal wealth is widely known.

Donors at this level are savvy business people and take it for granted that the nonprofit organization has performed the usual quantitative analysis. It is these financial numbers that led the nonprofit to identify this person as a prospective donor.

Yet the absence of thorough qualitative research about the donor's values, what one donor refers to as "know what you're all about" kind of research, these donors takes a dim view of the potential meeting with someone who did not do their homework. The phrase "come strolling in here" implies that one donor has the view that a fundraiser less than fully prepared to understand the donor's values will quickly receive a rude message that their presence is no longer desired.

Rockefeller's (2007) advice to fundraisers is to learn what prospective donors care about. He concedes that his wealth amount is public record and expects this information will not be part of the initial meeting. The information he would like to discuss with a nonprofit representative is the compatibility of their ministry with his philanthropic mission. Know this, he warns, or out you go. A voice this strong and a message this clear should be a wake-up call to fundraisers.

The challenge for fundraising professionals, most of whom live a completely different kind of life when compared to a high net worth individual, is how to consider the full range of the donor's decision making process.

Consider the donor with an estimated net worth of \$1 billion who focused on purchasing a gallon of milk at the lowest possible cost. Most would admit that this behavior could be considered perplexing for a billionaire. How would a professional fundraiser, making a comfortable salary, relate to this sort of life perspective? That same donor had no problem purchasing a jet engine that costs hundreds of thousands of dollars. Therein lays the challenge. A professional fundraiser's research into this donor's thinking must include an attempt to understand this donor's thinking patterns. As the donor considers supporting a nonprofit organization research about the donor's mission and personal values must follow the donor's thinking pattern in the donor's own terms, as fully as possible, free of their preconceptions and interferences the fundraiser may bring to the interaction.

In ordinary life we capture and conceptualize everything using our preconceptions to turn everything into something, other than it actually is, one or two steps removed from direct unfiltered experience. But the donor's interviewed for this research encourage professional fundraisers to work hard to understand the donor's values. The donor participants acknowledge this is a difficult assignment but they suggest it is important research that can make or break the philanthropic relationship.

Another donor's response supports this thinking, but not in as gruff a manner.

“Just like I said, take time and make sure you get to know what stories or things are important to me. Sure, few people, if any know about the (early life) story, but if they've checked my giving background, they'll see I don't do politics and stuff like that. I'm

really into education and housing. It would save them a lot of time if they would check this out.”

According to Schervish (2005) each donor will require different messages to spark an interest in the nonprofit’s work. Creating a customized message is what these donors confirm as advice to fundraising professionals seeking to build lasting relationships. A one-size-fits-all approach does not work when trying to build a strong relationship with a prospective major gift donor.

During the solicitation research stage it is imperative that organizations understand the interest points or messaging that rise to the level of building a strong, sustainable, and genuine relationship between the donor and the organization. This is a high threshold for a nonprofit in dire need of financial assistance, but one necessary, according to the donors interviewed here.

Once an initial relationship is created it is necessary to engage in ongoing investigation and intensive qualitative research with the people that know the prospect best. By connecting with those that are identified as part of the donor’s cultural tribe, those contacts trusted by the donor, who are able to confirm these personal values information, only then can a nonprofit determine if the relationship is ready to move along the philanthropic continuum. Deciding when to move a prospect from initial qualification, toward cultivation, and toward an eventual solicitation of a major gift are very important decisions. Having confirming information from people the donor trusts can prove to be the difference maker when managing the relationship and securing a major gift.

Taking the time to research tribal information with a member of the donor’s known cultural affiliations, working hard to locate people in the donor’s personal orbit of trusted relationships, is worth the time and effort, according to these donors.

In addition to contemporary giving information, fundraisers should research the early cultural experiences of the prospective donor. The donor participants in this research would recommend that nonprofits consider what kind of family did the prospective donor come from? Who, if anyone, could be considered a role model for this particular prospect? Did the prospect's supervisor support any particular organization? Did his or her parents or siblings support any specific cause or mission? What can the public giving record of those family and role models around the donor tell us about the possible ministries the donor might support?

If good qualitative donor research produces this kind insightful information, and a philanthropic relationship is established, it is important that the building of the relationship be strengthened at a pace comfortable to the prospective donor. This is a very important point and made clear by one of the interview contributors, who, when asked about how an organization can strengthen the relationship, responded this way.

“I like that word, involved. Get me involved in your school or program. I want to see it, I'll have lots of questions, and I'm going to want to know a lot before I commit to anything. You just feel like people, like (school), just want a gift and don't want to take the time to get me involved at the right level. I'm a nice guy; I don't know why they don't want to talk to me?”

One of the donors had experience as both a major gift donor and a fundraiser. His words provided some unique and insightful thoughts on building the trust relationship with a prospective donor. His ability to be the pursued as well as the pursuer provides a perspective that few research professionals or fundraising experts possess. Because of the duality of his perspective it is important to consider his relationship management recommendation.

“Well, from both my own giving experience and my work fundraising, I would say to not rush the

relationship; I would have never made my gift unless my friends convinced me, and I convinced myself, that (school) was the kind of place I thought it could be ... and I could really believe it was going to happen. ... I reached this conclusion over a period of a couple of years, and sometimes people tend to put fundraising on a timeline that does not work for the person to feel involved ... like my involvement in the arts and other organizations ... Let people get connected on their time with the right information, but you can't rush this ... and even figuring out how to separate yourself from your resources is spiritual. I mean you have to put it on paper, but it is still something that a donor must be allowed to go through. ... It really is also the testimony and support of those that believe and support the organization are the relevant stories and sources of information."

In the end the motivational array that concludes with the transfer of resources is ultimately a financial expression of the donor's values in a very public way. For the donor it is the culmination of a formal marriage-like relationship that forever links the individual with the organization.

What conclusions can fundraisers, nonprofits, and other practitioners draw about how they can better help their organization develop strong relationships with major donors?

First treat the start of the relationship as a courtship in the tradition of a marriage. This kind of thinking will prevent the nonprofit from attempting to actualize a monetary gift long before the donor is ready to provide one. In the words and information these donors shared this kind of aggressive behavior to close a gift agreement without cultivating the donor will end badly for the nonprofit.

Starting the relationship as more of a marathon than a sprint will frame the relationship management approach that fits with a personal relationship pace. Find out facts and details about the donors family, upbringing, and key role models and

mentors in their life. These are similar steps one would take with a person that they wish to build a genuine, long term and sustaining relationship. The pressure to close a gift is always present but professionally managing a major gift donor relationship requires the kind of patience to thoroughly understand the donor's personal values and life perspective.

Secondly find out who the donor trusts. Who do they confer with when making important decisions in their life? The personal trust that comes with being part of a donor's cultural world is important in many ways. Personal and close friends understand what the donor really cares about so completely that many times philanthropically each is able to act as an agent for the other. Trust, as part of the cultural affiliation relationship, at this advanced stage, is also enhanced by a strong emotional bond between the parties, based on a sense of shared goals and values.

For organizations that advertise, create graphically pleasing brochures, and do the usual things organizations do to appear credible, it is the conclusion from the words of these donors that trust and credibility are achieved through people in their personal community, people whom the donor trusts and respects. Not the beautiful brochures.

And, finally, find out what is in their social caring vision. How do they plan to change the world? Through educational support and schools? Homelessness efforts? Find ways to understand their vision. One donor's story is strong evidence that research into the specifics about the donor's social concerns is vital to fully understanding the donor's view.

This particular donor, when speaking about an education organization he did not support, even though he held a degree from that school, felt his social

responsibility theme was not addressed. He felt the institution's gift officer disingenuously appealed to his ego as a successful businessman. The question was can you think of an organization that asked for a major gift and you chose not to support them?

“Oh man (laughing) I can think of one right off the bat. The Dean of (the school) comes out to see me. I don't know the guy, but I got a degree from there, so, yeah, I take his call and I see him. He starts telling me I'm a legend back at (school) and bull crap like that. They want me to come back and talk to students. I'm not going back there to talk to students. What I see is different is like over at (school), where I'm going tomorrow, they want to set up a division for banking education. That kind of stuff I'll support, because it will get the right kind of people trained to enter the banking business. But have those guys slap me on the back, c'mon back and talk with students. About what? They just want me to support their endowment program with a large gift, although they never said the amount, and I saw right through him.”

With this donor the school that garnered his support did so because the proposed program will train banking students to conduct their business in an ethical and responsible manner. This is the theme that motivates the donor and generating his supporting gift. For the institution that failed to secure the donor's support it missed the opportunity because it did not highlight any social impact that might result from his support.

And fundraisers should be both practical and courageous when the mission fit is not compatible. If after a thorough qualitative research analysis process is complete and there does not appear to be mission fit between the prospective donor and the organization, the gift officer must be willing to acknowledge such and move on to another prospect.



### Practical Applications

Faced with new challenges and responsibilities that are part of the pressurized world of major gift fundraising there always remains the question of just how much qualitative research is necessary? What are the best practices of qualitative donor research techniques?

The answers are elusive and constantly changing. For example gift officers are encouraged to enhance donor interview rubrics using a process that requires finding alternative research sources utilizing social media sites such as facebook or LinkedIn. These techniques were unheard of just a few years ago (Elderton, 2012). Reviewing the fundamental steps of the major donor relationship management process is important to when considering how to best apply the practical aspects from this donor research.

A major gift officer will follow a procedure that begins by identifying a major gift prospective donor. The officer will complete quantitative and qualitative research analysis on the prospect. The next step is to begin cultivating the donor, identifying the right time to solicit the person. Soliciting is the act of actually asking for a gift. With good donor research the officer should be able to determine the exact right time to ask for a gift that inspires and challenges the donor rather than gives the donor an easy out. Inherently, though, people don't like to ask for a lot of money (Godfrey, 2012). After securing a major gift the officers stewards the gift of the prospect-turned-donor.

One of the most important research variables relates to knowing how much of a gift to ask for. It's not uncommon when doing an "ask" to leave knowing that

the solicitation was for too little money. A fundraising professional knows this as soon as ask for \$50,000 is made and the donor immediately says yes and agrees to a gift. Thoroughly investigating the donor's cultural affiliation network can prevent the nonprofit from asking too little and avoiding this mistake. Donors can always come down from the ask amount, but they seldom go up (Godfrey, 2012).

Good qualitative research into the donor's culture will create an environment where the gift officer is measuring the attachment of the donor to the nonprofit. The officers listen instead of talking too much. A donor will usually tell everything the organizations need to know (Lloyd, 2004). Learning to listen and staying silent after asking for the gift often prompts the prospect to speak. This is what the gift officer desires and, if managed properly, is a data collection opportunity to measure the donor's attachment to the nonprofit's mission and purpose.

Armed with solid research a major gift officer can take meaningful measurements. A qualitative researcher will ask one-sentence questions, so donors can describe in five paragraphs what he or she thinks, rather than the officer talking through five paragraphs about the nonprofits wonderful program and not learning anything about the donor's opinions and perspective.

From the foundation of strong qualitative research a gift officer can talk about the benefits to the donor. Gift officers must remember that this is about the donor, not the organization. The common term is donor-centric. It's likely the primary motivating factor of the donor is advancing the nonprofit's mission. The emphasis should be on the donor's agenda and how the organization is advancing the donor's agenda. Arriving at a donor meeting with rigorous qualitative research

and summary information about the donor's values allows the gift officer to create a donor centric conversation.

Be flexible in what the ask is for and have alternatives ready to offer the prospect. A potential donor may want to give \$500,000 that is requested but spread it out over three years, wait until a certain stock hits a certain value or agree to donate the amount but want it dedicated to a different program focus. The donors in this research suggest that providing options for the fulfillment of the gift is an important variable in the donor management relationship.

From these conversations the participating donors also suggest that fundraisers should not necessarily accept the first offer that a prospect suggests if it is lower than expected. Instead, they must be ready with a wide range of options in terms of financial timelines, financial vehicles such as stock gifts, and budget requirements of the program for which the organizations seek funding.

Another option to suggest if the offer is too low for the program is a relevant alternative funding project (example: if not the big education campaign, perhaps one of the tools needed to help it succeed).

Practitioners should be prepared to say no by not accepting money dangled in front of them but unrelated the organization's mission or program goals (I'll donate \$100,000 for a teen pregnancy program but not an AIDS education campaign). Good donor research should help prevent the latter problem, but it does still happen occasionally (Frederick, 2006).

One of the strongest warnings these donors provide is that nonprofits should never solicit a prospect that they do not know. While independent firms are often asked by organizations to mine their database for top prospects, fundraisers

sometimes misuse the resulting list by asking for money far too early, essentially skipping the cultivation process. Until an actual relationship has been built with each individual and the number and types of contact needed before the fundraiser can determine the prospects personal mission and values, fundraisers should not ask for money. Do not mix up the cultivation and solicitation processes.

And, finally, these donors suggest that fundraisers should not be too fearful of receiving a no. These participants offer that an immediate no will occasionally happen. These donors would not have met with the nonprofit representative if they were going to immediately inform them that of a no. They are interested in supporting the organization's mission so it is unlikely they are just going to immediately say no. They might say I want to do this, but I don't have the means right now. But that allows fundraiser to explore when the donor might have the means and what alternative funding options the donor might prefer.

These sources may help a fundraiser learn that a donor's plans are to increase the profile (and profit) of their business. This is something to be applied to the pre-interview rubric. In a world of enhanced qualitative research this is a very simple example of something that will become a large portion of a fundraisers job. With the pace of change in the social media environment this may also be a fundraisers greatest challenge.

Without these improved qualitative techniques a fundraiser most likely would have discovered this information when the donor meeting occurred. But armed with this information the nonprofit representative gains the foresight to anticipate and avoid obstacles rather than run in to them.

Beyond this scenario qualitative approaches can be equally useful in managing current donors. Whether the organization is seeking to improve donor retention, recruit volunteer trainees, or updating superiors, taking time to discover what is important to donors, their social networks and other leaders can put fundraisers in a position to elicit the best performance and contributions of each. And, according to the donor's recommendations, can expand the cultural affiliation network from the contacts within the organizations current group of donors.

Fundraisers may already consider themselves well trained to observe and gather facts from other people. State of the art qualitative research provides the principles and structure to do so in an empiric, trustworthy, and systematic manner that older evaluation systems may not possess. Fundraisers need to understand that the proximity between their personal observation systems with improved qualitative research and practice can be used to their practical advantage. Specifically to enhance their fundraising results and associate these results with the meaningfulness of donor interventions and thereby enhance the effectiveness of their daily professional responsibilities.

This qualitative labor may make the relationship move too slowly for the nonprofit. There is always great pressure on fundraisers to quickly raise capital and acquire resources for their organization. These qualitative research techniques and the associated slowness in creating the donor relationship may be frustrating. But lifelong relationships that donors believe are an integral part of their major gift are consummated only after the donor has come to trust the organization as a worthy partner that enables the donor to live and fulfill their life's mission.

The successful relationship that will result from a commitment to qualitative research along with adequate quantitative analysis, is revealed in the words of one of the donors.

“I mean I had an intimate knowledge of what they are trying to do, what their needs are and that what they are doing is going to make a difference. I don’t want to be part of an organization that acts any differently. No, involved means I’m a part of the organization, part of the team, and know what I’m doing to help.”

Qualitative research allows fundraisers increased insights into the personal thinking of their donors and can be fully blended with the quantitative information gathered about the donor. This approach allows nonprofits meaningful understanding as to why some donors give to a certain organization.

#### Future Research

Intensive qualitative research to determine the thinking and decision making of 21<sup>st</sup> century donors is one of many steps in improving efficacy of major gift philanthropy. Learning the first person account of how actual donors think about their personal philanthropy and applying this to the Bank of America (2010) findings is an important research activity. The Giving USA (2010) findings are one dimensional and do not expand on the actual thinking of how these donors reach their philanthropic decisions. According to Giving USA (2010) donors cited the following motivational themes.

1. The gift can make a difference (72.4 percent).
2. The donor feels financially secure (71.2 percent).
3. The donor wants to give to efficiently managed organizations (71 percent).

While such studies are insightful they do not give a first-person insight into the donors thinking and actual philanthropic decision making process (Prince and

File, 1994). When a donor reveals their thinking about a major philanthropic decision it is clear that determining how donors reach these gift giving conclusions is paramount. And their thinking does not always conform to the survey data collected nationally, a substantial finding from this research. The following supports this thinking.

"Anyway, we went out to dinner to celebrate and got to talking about this <nonprofit home for the poor> that I was volunteering at. I was making sandwiches and just helping out around the place. <Name> ran the house and he would give you the shirt off his back. I remember seeing him give a cold man the coat off his back. I was so involved there. Anyway, the place was falling apart and need a new wing. John and I decided to give <name> a gift of \$250,000- which, at the time, was a big part of the payday we were celebrating. And, believe me, at the time we did not know if another one was coming. But we both felt it was the thing to do. So we called <name> and told him that we wanted him to have this money. Well, he couldn't believe it. Back then, this was a huge gift for them. But, like <name>, we were all in for this work, the work that <name> was doing, and, well, looking back it might not have been the smartest thing to do, but we both felt was the right thing to do."

Knowing that the nonprofit leader's personal behavior, such as giving the coat off his back to a needy person, was the primary factor for the gift this couple gave this priest. Their thinking is revealing. The trust that came from the donor's firsthand witness, as a result of being involved with the nonprofit, was the driving factor. Being involved was a key variable that led this couple, over a meal and without being solicited for a major gift, to make a decision to perform an extraordinary philanthropic act.

This kind of information adds to the existing knowledge base and philanthropic research. There is still much work to do in order to increase the practitioner's knowledge base in a manner that similarly and positively influences the

techniques of the fundraising practices. Additional research, industry discussions and training are the three of the important steps moving forward.

Additional research is necessary in order to understand the various nuances to the thought process of a high net worth individuals about the existential view of their lives as a wealthy person. The donors interviewed for this project understand why major gift officers are pursuing them and seem to understand what are the usual major gift solicitation techniques. Yet these donors have a high expectation that major gift officers will not misuse these techniques. For example, only knowing financial information about a donor, and not being fully aware of what will influence their giving, will be detrimental to the fundraising professional, at least according to the donors interviewed in this study. Fully understanding qualitative information about the prospective donor increases the likelihood that the relationship will result in the donor engaging with the institution and form an authentic, long term, trusting relationship.

Second is that industry discussion is necessary in order to help fundraising professionals understand the relationship management techniques and the relationship theories and to use them both to optimize fundraising results. Philanthropic professionals understand getting to know an intelligent, complex, intense, highly successful individual is intimidating (Godfrey, 2012). Most major gift officers will point to developing the skills to build these relationships is very difficult, as rejection is one conversation away. Fearing this rejection is always in the mind of the gift officer, as it may end up jeopardizing the important work they are doing in representing their nonprofit organization. Not to mention their own professional livelihood will be short lived with too many rejections. Industry discussion on the



best way to build and sustain authentic major gift relationships with donors will educate major gift officers to better understand what the donors expectations are when they accept a fundraising appointment with a major gift officer.

Thirdly the consideration of the impact of intense training for the industry on the fundraising practices in general may be significant if a large number of fundraisers can be trained to research qualitative evaluation techniques. If major gift officers can implement qualitative evaluations without consultancy services they will quickly be in a position to enhance their major gift fundraising success.

Fundraising professionals need to enhance their ability to understand donor psychology and they need to be trained in order to recognize and test applied qualitative evaluation techniques. Therefore the training of fundraisers on the theories and techniques of qualitative philanthropic research is a necessary step following this research project.

Philanthropic studies is a growing, exciting, multi-disciplinary field of academic inquiry. Academically rigorous social sciences research techniques are a growing part of the intellectual tradition that is providing support for the study of philanthropy. Philanthropic studies covers research techniques utilizing both qualitative and quantitative research techniques. These multiple methods provide both narrative descriptions and personal understanding of philanthropy. Philanthropic studies is not only an academic probe, but it is also connected with the exercise of philanthropy. This qualitative interview project paid special attention to the applicability of the research findings and identified avenues to improve the practice of fundraising by providing ideas as well as techniques for improvement.

### Summary

This research investigating the philanthropic motivation of actual major gift donors is designed to contribute to the understanding of the study of motivational determinants of giving a major gift in the 21<sup>st</sup> century. The world has changed. With a dramatic and continuing change in the United States populations, the growth of existing and potential nonprofit donors, increasing separation of the U.S. populations into cultural tribes, this research makes a clear case that philanthropic studies can provide practical contributions to improve fundraising practices and donor engagement in philanthropic activities by inspiring new thinking and guiding new practices. The fulfillment of these objectives together will contribute to the search for the answer to the philanthropic study of what motivates a major gift donor to give a major gift?

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Appendix A  
Requesting Participation Letter

Dear {Participant},

My name is John Dolan, and I am a doctoral student at Drexel University. I am writing to ask you to be part of a qualitative research study on philanthropic motivation titled *Philanthropic Motivation in the 21st Century*. This research is part of the requirements for a doctoral degree in Educational Management and Leadership. I hope you will agree to participate.

Participating in this study will include:

An interview/conversation that should last about 60 to 90 minutes and that will be conducted in a private location of your choosing. Prior to this conversation, I will submit the interview questions to you. This conversation will be recorded on a tape recorder, and I will also take written notes. If needed, a follow-up meeting may occur to allow me to check the accuracy of my notes and to ask any follow-up questions I had after reviewing the transcripts of our first meeting.

Participation in this study is completely voluntary, and there is no penalty for not participating or for withdrawing from the study. If you agree to participate, your identity will be kept strictly confidential. Your name will not appear in the study. Your stories will be referenced by a pseudonym. All transcripts will be kept on a CD-ROM in a secured office in the researcher's home.

Please reply to me by email to XXXCCCC. Or you may feel free to contact me by phone at (215) XXX-XXXX.

Sincerely,

John F. Dolan

Appendix B  
Co-Coding Table

	Cultural Affiliation	Efficiency	Logical	Metrics	Consubsta ntial	Social Responsibility	Spiritual	Strategic Plan	Transform an Organization
Cultural Affiliation		37	68	40	116	85	28	11	7
Efficiency	37		31	29	44	16	2	8	4
Logical	68	31		45	68	46	10	6	2
Metrics	40	29	46		46	24	5	12	6
Consubstantial	116	44	68	46		98	28	13	11
Social Responsibility	85	16	46	24	98		32	8	8
Spiritual	28	2	10	5	28	32		4	3
Strategic Plan	11	8	6	12	13	8	4		4
Transform an Organization	7	4	2	5	11	8	3	4	

Appendix C  
Consent Document

***Informed Consent Signature Page and Information:***

Thank you for taking time to participate in my research and interview process. My subject matter focuses on what motivates major donors to give to charitable organizations or causes.

What I learn from you today will be appended to what I've learned from other donors. There will be no use of your name, and what you share with me will be handled discreetly and confidentially.

I will need your signature on this release form indicating you understand my purpose and are willingly taking part in this interview.

---

To be completed by \_\_\_\_\_:

I have read and understand the conditions and risks above, and I consent/assent to voluntarily participate in this research study.

I realize I am free to withdraw my consent and to withdraw from this study at any time without negative consequences.

I consent to the use of the information I've shared during my participation in this research.

Signature \_\_\_\_\_

Date \_\_\_\_\_

The audio transcripts will be destroyed once the transcription process has been completed, a written record is produced and you are confident that the written transcript accurately reflects your comments during the interview. There are no other known risks/discomforts associated with participating in this study.

If you have any questions about this study, please contact John F. Dolan, the student investigator, at (215-253-XXXX) or via email at XXXXXXXXX. You may also contact the Chair, Drexel University Human Subjects Institutional Review Board (215) 895-1000.

This consent document has been approved for use by the researcher for one year by the Human Subjects Institutional Review Board (Drexel University IRB) as indicated by the stamped date and signature of the board chair in the upper right corner. Do not participate in the study if the stamped date is older than one year.

A signed copy of this consent form will be given to you for your records.

Consent obtained by: \_\_\_\_\_  
Interviewer/Student Investigator

\_\_\_\_\_  
Date

Appendix D  
Interview Protocol

*Introduction*

Thank you for taking time to participate in this interview for my doctoral research. I am exploring the question of what motivates major donors to give to charitable organizations or causes.

What I learn from you today will be combined with what I learn from other donors. There will be no use of your name. What you share with me is confidential. This is a voluntary exchange, so if any question causes you concern or discomfort, just let me know so we can move on to other topics.

I will need your signature on this release form indicating you understand my purpose and are willingly taking part in this interview. (PROVIDE PERMISSION SHEET FOR SIGNATURE, GO OVER THE KEY PARTS OF IT WITH THE INTERVIEWEE.)

In this interview, I'm seeking your story about your personal philanthropy. I'm going to take notes so I can accurately recall what you've shared with me. Ready? Let's begin.

Q 1. I would like you to trace how you first began giving to charitable causes?

P1. What influenced you to give to a particular cause early in your giving life?

P2. Did you have a role model or mentor?

P3. How did that first philanthropic experience affect you personally?

Q 2. How did your experience of giving change over time?

P1. How was your life changing during this time?

P2. What different types of organizations did you consider for potential gifts?

P3. How were relationships developed?

P4. In what ways did this giving experience affect you?

Q 3. Thinking about your larger gifts, what were some of the things that influenced your choice of those organizations or causes?

P1. Was this selection process similar to or different from your smaller gifts?

P2. How did you develop a relationship with these organizations?

P3. How did you gain information about the organization?

P4. How did you feel about that gift after a period of time later?

Q4. I'm looking at my research on your gift to \_\_\_\_\_. After you made your commitment to support the organization, tell me about the process to secure the resources to fund your gift.

P1. Who was most influential in the financial design of your gift?

P2. Did the amount of the gift change during the process?

P3. Did anyone try to talk you out of this commitment? If so, their reason?



Q5. Did the organization have any agreed to/clear obligations to you after the gift commitment?

P1. Please describe any post-gift obligations you felt important.

P2. What type of obligation, if any, do you have to the organization?

P3. Years after the gift, any regrets?

Q6. Now, please, think of an organization, if any that sought a major/shaping gift and you opted not to support it. Please tell me how that process developed.

P1. How far did the relationship go before you made any support decisions?

Q7. Can you envision your next major gift? (To whom and why?) In thinking about it, what should the organization do to strengthen the relationship it has with you now?

P1. What advice do you have for fundraising practitioners on improving relationships?

Q8. In reflecting on your experiences, what role do you think a philanthropist should play in the life of the organizations he or she supports?

P1. Do you believe philanthropists should attempt to shape nonprofit organizations?

P2. Please share your reasoning about this.

Q9. Anything else you would like to tell me or share with me?

Again, thank you for taking time to speak with me about this important topic. Here is my contact information if you have any questions. If you would like to speak to my advisor, you can reach Dr. Rebecca Clothey at 215-XXX-XXXX.

May I contact you again if I find that I am not clear on some of the things you said? I will be glad to share the final product of this work with you, should you be interested in seeing it. Thank you and have a great day.

Appendix E  
Transcriptionist Confidentiality Form

I, \_\_\_\_\_, transcriptionist, agree to maintain full confidentiality in regards to any and all audiotapes and documentation received from \_\_\_\_\_ related to his doctoral study on philanthropic motivation. Furthermore, I agree:

1. To hold in strictest confidence the identification of any individual who may be inadvertently revealed during the transcription of audiotaped interviews, or in any associated documents;
2. To not make copies of any audiotapes or computerized files of the transcribed interview texts, unless specifically requested to do so by \_\_\_\_\_;
3. To store all study-related audiotapes and materials in a safe, secure location as long as they are in my possession;
4. To return all audiotapes and study-related documents to \_\_\_\_\_ in a complete and timely manner.

I am aware that I can be held legally liable for any breach of this confidentiality agreement, and for any harm incurred by individuals if I disclose identifiable information contained in the audiotapes and/or files to which I will have access.

\_\_\_\_\_  
Signature

## Appendix F Invitation

Sample invitation sent to participants by U.S. mail and electronic mail

My name is \_\_\_\_\_, and I am a doctoral student at Drexel University in Philadelphia, PA.

This is an invitation to major gift donors to participate in research exploring philanthropic motivation. For this study, I will interview at least 10 major gift philanthropists, over the age of 40, in order to explore the narratives of donor motivation. This is to develop a better understanding of what inspires major gifts.

Participation in the study involves an interview, which will require between 45 and 90 minutes. The interview will be conducted in person at the location of your choice. Participation in this study is voluntary. You will always have the option of not answering any questions that might make you feel uncomfortable, and you may withdraw from the interview at any point.

All information gathered during this study will remain confidential in a password-protected computer throughout the course of this research. To protect participants' identities I will change their names and only my faculty advisor and I will have access to information that could connect responses to respondents. All audio recordings and other data will be deleted upon completion of the study.

My hope is that our conversations will be beneficial for us both, in addition to the fundraising communities we support. The interview will be an opportunity for participants to share their stories of gift giving and help clarify the true motivation for donor support.

Approval from the Drexel University Institutional Review Board (IRB) was obtained. The informed consent form for this research is below.

# Appendix G Conceptual Framework

Literature Review Sketch:  
Researching Donor Profiles and Motivation

